



VALUE DELIVERED



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2008 - 2009 can well be termed as the year when everything dreamed up turned the corner at **MARG**. The company had already made its mark, pushing boundaries in the realty market and this year it showed it could deliver just as well in the area of infrastructure development. While the world economy yo-yoed, **MARG** could go forward because of a visionary creation in its structure - backing each and every vertical is the company's in-house Engineering, Procurement and Construction horizontal, the doer to the dreamer in every vertical! This helps **MARG** bring key elements like cost, material and innovation within its own ambit, side step some industry slumps and cocoon every idea in house to help it chrysalis.



OUR DRIVERS

The following are the cornerstones upon which MARG has built its now formidable reputation of delivering innovative, technically superior and high quality solutions in the areas of realty and infrastructure.

Vision

MARG's vision is truly a 360 degree one, which takes into account not just macro ideas that move a nation forward but also micro ones that deal with the common man's dreams. Thereby, MARG's vision goes beyond just building environments, it involves: **Creating Landmarks. Building Values.**

Mission

To maximise value for stakeholders through incisive yet complex set of operations that enable MARG to deliver world class environments, across realty and infrastructure verticals, which meet the growth plans

of a nation as a whole as well as the small individual plans of the people, with professionalism and social consciousness.

The Business Objective

To create a business operative system that through innovation, strategy and a comprehensive delivering capability, enables MARG to operate in a 'Blue Ocean' environment identified by minimum competition and maximum value for money products.

The Quality Policy

To ensure MARG's projects deliver, without compromise, on the fronts of time, quality and cost. This, the company believes can arise only from unflinching reliance on expertise, experience, incessant innovation and 100% social responsibility.

FORWARD TO THE PAST

The building blocks behind the forward momentum achieved in the year 2008 – 2009

The Portfolio

MARG's careful investment in an eclectic mix of portfolio is in fact the underlying reason for its steady growth. The infrastructure verticals comprise of Industrial Clusters, EPC, Ports, Power and Airports. The realty verticals encompass industrial clusters in Special Economic Zones (SEZ), real estate – commercial spaces, which include Malls, IT Parks, serviced apartments and golf courses and real estate – residential living spaces which comprise premium homes, apartments for the vast Indian middle class, integrated townships and budget apartments. These verticals are lent great delivery power by MARG's Foundation India, its EPC vertical which is now all set to offer its expertise in the competitive market.

The MARG Movement - History To History Making

MARG Limited was incorporated in 1994 by a visionary and a businessman par excellence, Mr.GRK Reddy. What began as an enterprise to create groundbreaking real estate projects swiftly turned into a company that engaged the nation in infrastructure projects as well.

The company's Karaikal Port has completed its first phase and has welcomed its first ship. A large bank of land of about 2000 acres (as on 31st March 2008) possessed gives MARG the power to dream on.

THE YEAR OF FRUITION

In a year marked by tumultuous shifts in the economy, MARG was able to surf the upheavals because of two simple protocols it built into its DNA of operations;

1. Strategise, strategise and then, re-strategise!
2. Try hardest to ensure the projects engage with the people at multi-levels and on multi-dimensions. These two ideals have ensured the company looks at every project from every angle and have steered MARG into pioneering spaces that deliver to a vast cross section of people. This not just widens the usage base of each project but creates a spiral of business activity with the capability of reenergizing an entire area. And their economies! Today, almost all its projects have reached beyond their ambit and are in fact the epicentre of a whirlwind of economic activity.

Thus from starting off as creator of environments, MARG is well into the creation of wealth, not just to its stakeholders but to the region as a whole. As MARG boldly goes forth, one can already see the value delivered even as the company moves from step to step, successfully.

Marine Infrastructure

MARG Karaikal Port was envisaged as a deep water port capable of handling diverse cargo and Phase I was completed in April 2009.

Value Delivered

In the phase I itself the port has used great innovation to create a channel to smoothly bring in Panamax vessels (max load 80,000 tonnes). MARG's engagement with the people in the area has been sensitive and proactive. MARG sponsored the upgradation of numerous bus shelters in Karaikal, which required a facelift and refurbishing. The bus shelter is at a vantage position and of great use to the people. With the successful emergence of the port, many industries are now looking to setup shop in Karaikal. The economic spiral is now in place.

EPC

The Engineering, Procurement and Construction (EPC) has for the past 14 years been the delivering arm of MARG. Today it has become a vertical called MARG Foundation India.

Value Delivered

EPC has been behind the building of roads, highways and power plants by using the latest technology. It will now offer its expertise in dredging to the open market.

Industrial Clusters

MARG Swarnabhoomi is a new era city – a sprawling area where work spaces and homes are integrated – a place where you can walk to work!

Value Delivered

Before anything, a 100 feet wide road was laid using the latest technology, in just 2 months. An international school, BVM Global is already functional and the grounds for a world class music school - Swarnabhoomi Academy of Music is in place. A comprehensive rain water harvesting plan has been put into motion to address water needs.

Real Estate Commercial

The powerhouse has visionary projects going for it.

Value Delivered

A three way road is already up. MARG Junction a first of its kind hypermall, has been re - looked in a category revolutionising way. Discussions are underway with some of the world's most renowned names for the management of the multiplex and games arcade.

Real Estate Residential

MARG ProperTies - the real estate residential arm is putting its expertise behind a field that has delivered till now – middle class and small town housing.

Value Delivered

The idea to decongest large cities and create new communities and new cities with quality healthcare, education and lifestyle.

OUR FINANCIALS, 2008-2009

Total income

MARG's income from operations increased 66.36% to Rs 4631.7 mn.

Dividend

MARG proposed a dividend of Rs 2 per share for 2008- 09, maintaining the previous year's dividend of Rs 2 per share.

More places in shorter spaces.....

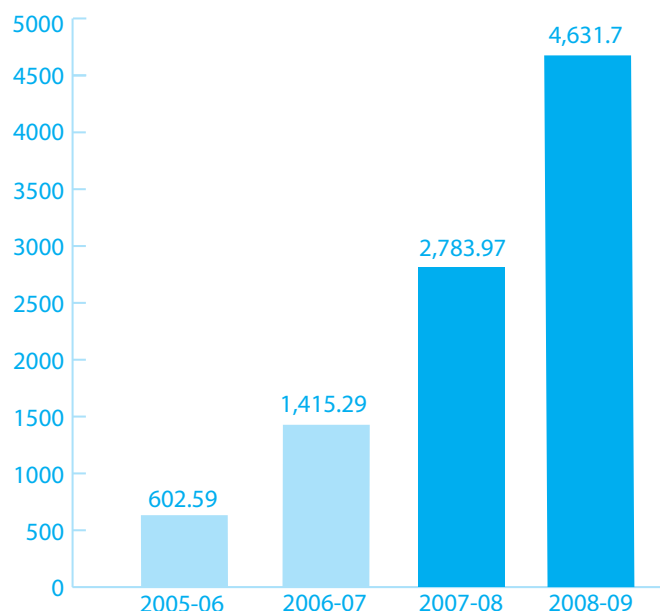
2006

- 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 tones.
- 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.
- Divisified into retail space development through MARG Junction and the 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 2.6 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.

Total income (Rs in millions)



2008

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

2009

- Total income of Rs.4,631.70 mn for 2008 - 09.
- MARG has a net worth of Rs.3,450 mn and projects worth about Rs.80,000 mn under execution.
- Commissioned the 'MARG Karaikal Port' on 15th April, 2009.
- Awarded the concession of the Bijapur Airport.
- Launched Pushpadruma, housing 466 Upscale apartments on OMR.
- Launched Vishwashakthi, Tirupati's first integrated township.
- Project Management Consultant for the construction of the new campus for The Great Lakes Institute of Management.

CHAIRMAN'S MESSAGE

“Any organisation whose very fabric of existence is based on the concept of ‘inclusion rather than exclusion’; its value over a period of time, will only appreciate and never depreciate.”



Dear fellow shareholders,

This year is a kind of watershed for MARG. What started off as a mere glint in the eyes of our people, four years ago, has become a reality. Strategising to a plan and then re-strategising with the economic downturn has enabled us to be on track. In very simple terms all the assets we invested in the last few years are becoming productive and income generating. But what sets us apart, is the fact that from the very beginning mere income generation was never our motive, there has always been a larger purpose of being. We believe the income generation should in turn grow talent which should in turn drive growth in multi directions. Our focus is on regional development, and this is why our key projects are designed to eventually become trigger points of economic development for a population of more than ½ a million each!

The dawn of the 21st century saw the country blossoming as a world player in economic growth. Peculiarly though, the infrastructure industry had not caught on. MARG found that it could play a key role here. Thus from delivering key realty projects that serve individuals, your company embarked on infrastructure projects that would, in the next few years, redefine development for the nation as a whole. The port we're building at Karaikal, the airport at Bijapur, the roads & bridges in Tamil Nadu and the power projects that are on the anvil, will each push the respective region towards solid economic growth.

Today, there is a consensus in both public and private sector that India needs to ramp up its infrastructure to sustain the 9% growth rate in the future. There is an understanding that private sector in India is capable of participating in building Roads, Power projects, Ports and Airports for Urban and Rural Infrastructure. We can expect significant financial outlays and tremendous levels of construction

activity in these sectors in the near future. Armed with the expertise gained in building and running a Port, building power plants, bridges, residences, malls and developing integrated townships, your company is well positioned to contribute to the Engineering and Construction needs of the country. This will help MARG scale new heights in building stakeholder value in the coming years.

At MARG we believe a region's economic and social transformation starts with the 'land'. We identified land that is away from the large metros yet not very far away, land which has little value today. And then we bring our expertise to turn these land parcels into zones of economic activity. These, we believe will soon have the potential to turn into micro economies and empower a cross section of people. They will turn into "micro magnets" that will attract talent and stall the flood of people going to big metro cities for economic pursuits. The 'brain train' will power the development and eventually will become golden grounds of opportunity for not just everyone in India, but even NRIs and expats to do business in. MARG will be a catalyst in transforming small town India.

In India there is an estimated shortage of more than 24 million dwelling units, mostly in the middle and low income segments. The dream of the average middle class Indian family is to own a home. We aim to fulfill their dreams to own a house, by designing appropriate products at affordable prices to satisfy this demand. MARG's projects are set to

deliver holistic well being – employment, education, clean utilities, better living conditions, economical transportation, better savings - every aspect of living will get redefined. Yes, MARG's projects have the power to bring in a new economic order to India (and perhaps show the world a thing or two).

Helping MARG achieve all this is our brilliant pool of talent. MARG has always been able to identify, attract and nurture achievers. Our HR policies are people sensitive. We thrive on 'innovations' and encourage 'out of the box' thinking. Our people take us places...

The inspiration for MARG however, comes from this soil, India. A country where everyone shares, where society and family matter more than just individuals, where the focus has always been on 'we' and not 'I'. In our journey we have always been rooted to our fundamentals – ethics, honesty and transparency.

MARG is all set to deliver to India by not just setting values but redefining them and then delivering them, sharply and concisely. Our big story is centered on our nation's development and lesser issues like economic downturns become irrelevant.

Sincerely,

GRK Reddy

Chairman and Managing Director.



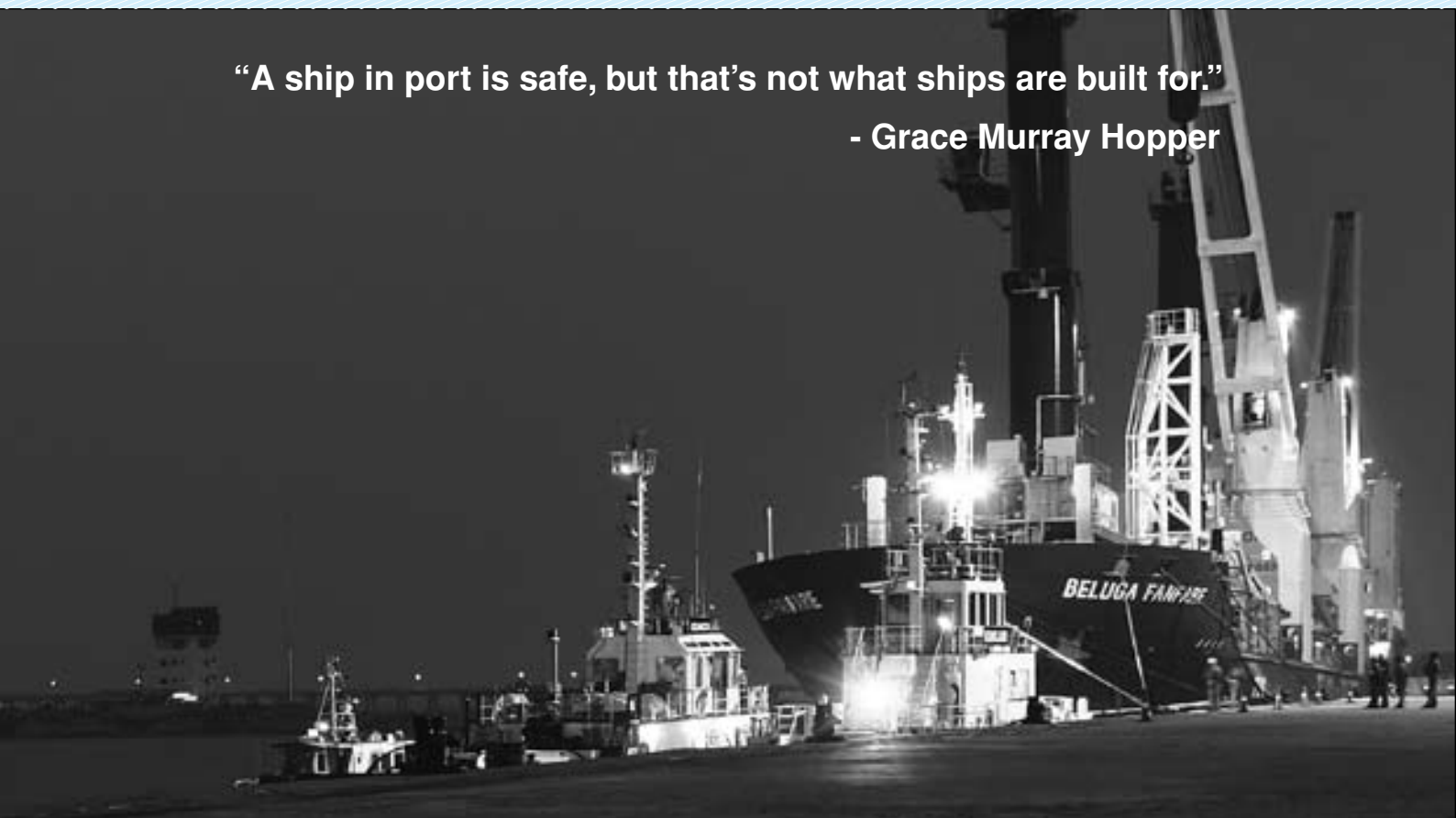
MARINE INFRASTRUCTURE



KARAIKAL PORT

“A ship in port is safe, but that’s not what ships are built for.”

- Grace Murray Hopper



The Karaikal Port

Karaikal is a seaside town inside Puducherry Union Territory. The city is situated 280 coastal km south of the Chennai port and 360 coastal km north of the port of Tuticorin. With almost 640 kms between Chennai and Tuticorin, the need for a true, deep water port with multi berth facility was keenly felt and Karaikal Port under the aegis of MARG fills the need.

Historically from the time of the Chola dynasty, Karaikal was a very active maritime region doing trade with the South East Asian countries. The region is very peaceful and the people in the region are known for their hard work and skill. The region has never had any wars, communal unrest or industrial strike and is in fact peaceful and harmonious.

The advantage of time, place and distance. MARG's initiatives are underlined by taking profuse land bank available at comparatively cheaper rate for Mega Projects, thereby uplifting holistically the complete region.

Karaikal's location is one of the prime movers to create a port there. Logistical proximity – Situated in the heart of Tamil Nadu, with road and rail access to

the industrial towns of Trichy, Puducherry, Thanjavur, Nagapattinam, Erode, Namakkal and parts of Coimbatore and Salem, Karaikal port's business base is already strong and developed. In fact, MARG has taken into account the diverse industries of the hinterland. The hinterland is in the Cauvery basin which provides ample fresh water, so vital for agro-commodities, which is why this place is called the granary of India.

Logistical Advantage

Hinterland	Distance in Kms.		
	Karaikal	Chennai	Tutcorin
Thanjavur	77	342	314
Neyveli	85	182	141
Cuddalore	92	155	439
Perambalur	113	253	324
Trichy	126	316	303
Pudukkottai	126	336	261
Kallakurichchi	132	203	410
Namakkal	185	306	343
Rasipuram	190	286	370
Karur	192	332	314
Salem	264	326	391
Erode	235	335	359
Tiruppur	272	383	341
Coimbatore	314	491	344

The Highway

Four national highways including the NH 67 is in the proximity of Karaikal, important rail links are being converted from metre to broad gauge. The rail link from the centre of the hinterland, from Trichy up to Nagoor (just 1km away from the Port) is already commissioned. Rest of the Rail links connecting up to the Port will be ready in the coming 3 to 4 months.

The Challenges

At the very onset the promise and the challenges of building the MARG Karaikal Port was as clear as spring water. Taking in the capacity of both Chennai and Tuticorin port, Karaikal had to be a deepwater port to really become a viable alternative to either of them. It had to be supremely efficient as there was just 600 acres at MARG's disposal. Therefore the land has to be optimally utilised for maximum output. Taking into account the surrounding industries and based on Traffic forecast studies, the Karaikal Port was designed to be a port which will be able to handle a large variety of cargo.

Delving Into Technology To Come Up With Results

MARG's policy has always been, if it can be done then it can be done well! Therefore every avenue was explored to ensure the upcoming port would be the best of its kind in the South East Asia.

Karaikal Port Infrastructure

PHASE I	PHASE II	PHASE III
<p>Infrastructure</p> <ul style="list-style-type: none"> • 2 berths (1 coal & 1 GC) • 7.5-8 cubic metres dredging • 1.2 kms of breakwater • 2 mobile harbour cranes • Navigational equipments • Stockyard & transit shed • Internal roads • Buildings & utilities <p>Features</p> <ul style="list-style-type: none"> • Draft (-) 12 m • Suitable for 45,000 DWT vessels • Cargo handling capacity 20,000 tonnes/day 	<p>Infrastructure</p> <ul style="list-style-type: none"> • 3 berths (1 OSV/FSV, 1 coal, 1 edible Oil) • 12,23 cubic metres dredging • Breakwater extension • Widening of TC & channel • Mechanisation of 2 CB • Equipments <ul style="list-style-type: none"> - BWSR - Conveyor belt - Grab unloaders - Liquid handling - Railway sidings <p>Features</p> <ul style="list-style-type: none"> • Draft (-) 16.5 m • Suitable for vessels upto 1,20,000 DWT • Cargo Handling capacity 48,000 tonnes/day 	<p>Infrastructure</p> <ul style="list-style-type: none"> • 4 berths (2 container, 1 coal, 1 GC) • 8,2 mn, cum dredging • Equipments <ul style="list-style-type: none"> - BWSR - Conveyor belt - Grab unloaders - RTGC - RMOC - MHC <p>Features</p> <ul style="list-style-type: none"> • Draft (-) 16.5 m • Suitable for vessels upto 1,20,000 DWT • Full fledged cargo handling capability

Customer focussed, sophisticated machinery and infrastructure for various services became keys to the port's development.

One of them is the LHM 400 (Harbour Mobile Cranes), which are one of the largest cranes for handling multi commodity, used in India. These cranes are extremely flexible and have attachments to carry bulk by Grabs, break bulk by Hook, and containers by spreader.

To save on cost of material handling, a RORO jetty is being created to roll over 250 tonnes of goods straight on to the barge! Quick thinking resulted in bunkers and bunkering facilities being built ahead of other extraneous buildings. The most sophisticated dredging machinery was put to use to create the smoothest passageway for the ships. Thorough research led the way here. A careful study of the

wave patterns during balmy weather as well as during stormy weather showed MARG how it must dredge to ensure stable berthing of the ships whatever the weather.

The Value Has Come Home To Berth

Only when the work started did MARG realize that not only could it deliver what it set out to do but exceed itself! Today, the port is already showing how when fully complete, it can handle 47 million tonnes of load per annum in just 600 acres of area!

The recently completed phase one has berths which can handle multi-commodity cargo, which means a large range of industries, from heavy and light engineering to textiles to sugar and power and all other related industries, are already on the way to add business to the port.

The port in its Phase I itself has created a channel to smoothly bring Panamax (Max load 80000 tonnes) ships. By the time the port completes phase II, it would have dredged depths to accommodate Baby cape (max load 120000 tonnes) ships making it the only port on the south east coast with this enormous load carrying facility. The economic spiral is on. Companies like HOEC, Reliance and ONGC have already bought blocks and are in talks with the port for business.

The power industries like GMR, ETA Star Energy and Patel Engineering, KVK Power etc. are evaluating the strategic advantage they have from the Karaikal port.

Apart from this, there are several cement companies who are raising their capacities in the region along with engineering and Industrial parks. The port has already handled several ships with several 1000 tonnes of cargo.

The Great Rehabilitation Effort

MARG in its efforts to build the port ensures at every stage, that the immediate beneficiaries are the people around the port. Social activity around the port is being done with great sensitivity so that the people now see the port as a great opportunity for the area to develop and themselves along with it. In fact, the Karaikal port is all poised to raise the economy of region by about 10 times in a matter of 5 years.

Where The Dolphins Still Gambol In

The Karaikal port has been awarded all the required environmental certification, but nature decided to give them one more. The real, on ground certificate that MARG has maintained the environment safety around the port comes from the dolphins dancing around the port. For ages environmentalists have used the dolphin's high sensitivity to turbulence and murky water to gauge if the marine environment is safe. That's why MARG is proud when Mariners regularly see dolphins swim with them, in and around the port.



**ENGINEERING
PROCUREMENT
CONSTRUCTION**



MARG CAUVERY

“80% of success is just showing up”

- Woody Allen



MARG's Engineering, Procurement and Construction is now aptly named Foundation India. For over 14 years the EPC arm has been the one that has ensured the smooth transition of MARG's projects from blueprint to concrete reality. It has provided turnkey solutions, comprehensive project management for both greenfield and brownfield projects. While in engineering it has highly qualified experts and the latest engineering software, in procurement, it sources cutting edge technology from the world over, to enable critical solutions at optimal cost. Construction is where MARG is at its strongest, with more than 10 years of executing challenging jobs backed by the technical knowledge of more than 500 man years.

In its expertise line up, MARG has tied up with international majors like HOK and L&T Ramboll to mention a few. HOK has to its credit the construction of internationally reputed projects in Singapore and the US.

Foundation India Is For Everyone Now

Today, MARG proudly offers its highly specialised engineering, procurement and construction services for

- Work Place buildings : IT Parks, Office Complexes
- Institutional buildings: Business Schools, Hospitals.
- Living Spaces : Affordable housing, High - end villas
- Industrial Clusters : SEZ

- Marine Infrastructure : Break water, berth, dredging
- Urban Infrastructure: Airport, Shopping Arena, Multiplex, Hotel, Roads, Water and Sewage pipelines, De-salination plants
- Energy: Transmission lines (HT / LT), Substations, Laying of pipelines, oil and gas.

For each of these projects, MARG offers a range of services including design and construction of structural framework including finishing & interior works and electro-mechanical services like: Heating, Ventilation and Air Conditioning (HVAC), Fire Protection, Public Health Engineering, Surveillance and Security Systems, Telecommunication networks, Electrification, Water and Effluent management, Landscaping and Horticulture.

The Value Comes From Valuable Technology

MARG believes technology when used appropriately has the power to actually turn what looks very challenging from the outside into a series of smooth operations. To this end it has scoured the world to bring to its projects what we can only call technology that's at the very edge of science.

Roads Within Days

Technical know - how and materials obtained from the world's leading builder ROMIX now gives MARG the strength to construct roads using a special product called SoilFix. It reduces the cost of building

a road by 25-30% and a kilometre of road can built in just 7 days! In fact in its Swarnabhoomi project MARG has constructed a hundred feet road in just 2 months!

Surbana And Pre-Cast Technology

MARG's tie-up with Surbana of Singapore gives it technical expertise on Pre-cast technology. MARG can now construct structural components, an entire floor if need be, in one space and just fix it into a building. With this technology it can construct a 20 floor building in just 12 months.

Dredging

MARG owns "MARG Cauvery – 2000 CBM Cutter Suction Dredger" with dredging capacity: 2,000 m3/ hour. It can dredge over 16M.

The Over All Technical Expertise

Today with its over 500 years of technical manpower experience, MARG offers superior deep excavation works, mass concreting, dredging, hilly terrain road work, power projects, high rise buildings, HT / LT transmission lines and sub-stations

COMPLETED PROJECTS

Real Estate

Created 1,80,000 sq.ft. of living space in Sai Subhodhaya, apartments in Chennai Completed Wescare Towers in Chennai a demanding project with tight deadlines – 30,000 sq ft of over 4 floors in just 110 days! It is also the first project to use ready mix concrete IT office space of 20,000 sq ft in Chennai for Slash Support Systems Digital Zone-I, first IT park on Rajiv Gandhi Salai (OMR) – Chennai's IT corridor, built 2,40,000 sq ft fully fitted with plug and play facility. MARG Square, an IT Park with a built up area of 2,40,000 sq ft on Rajiv Gandhi Salai, Chennai. Digital Zone-II, with an built up area of 2,16,000 sq ft on Rajiv Gandhi Salai, Chennai Ramlakshmi Enclave, 96 affordable housing apartments in Tenali, Andhra Pradesh

Power

25 MW wind farm project for RCI Power Ltd, assisted by Government of Netherlands at Tadapatri in Andhra Pradesh
48 MW, 33 / 66 KV sub-station for Alstom in Karnataka
10.2 MW power project for Enercon India Ltd in Maharashtra
25 MW wind farm project 6.25 MW wind farm project fro Nuziveedu Seeds Ltd at Jagulaur in Karnataka
4 MW power projects for BHEL at Kadavakallu in Andhra Pradesh
2.225 MW wind far project for Asian Wind Turbines at Kondameedapalli, in Andhra Pradesh
48 MW 132/33KV sub-station with 66 KV transmission lines, 10 group control stations, with 46 km of 33 KV evacuation lines

ONGOING PROJECTS

All Weather Sea Port At Karaikal, Puducherry

Construction of breakwater, berths, storage yards, utilities, dredging, road, compound wall and administration facilities. Land Reclamation Dredging up to -16.5 m, Two SEZs spread over 612 acres, Construction of 63 km road, 40 kms of sewage water drainage pipeline, Sewage Treatment plant, 2000 affordable housing units

MARG Junction - Mall Complex In Chennai

The complex includes shopping arena, hotel, office space and MLCP. (1.8 mn sft) The shell is proposed with M 40 concrete. The complex has four basement parking Membrane Reactor System proposed for STP to recycle water, Power and AC facilities as per green building LEED requirement and adoption of international standard safety norms.

Pushpadruma

Upscale apartments on OMR, Chennai

- 466 apartments

- Club house, day care centres, senior citizens park, car wash bay, jogging tracks

Vishwashakti

Tirupati's first integrated township (1.1 m sft)

- 400 apartments (1100 to 1400 sft each)
- Club house, Swimming Pool, School
- Convention centre
- Serviced apartments

PMC for construction of a Management Institute of international repute at Chennai (1.1 lakh sft.) PMC for construction of Indian Institute of Advanced Nursing in collaboration with Clinton Foundation (1 lakh sft)

Civil Works

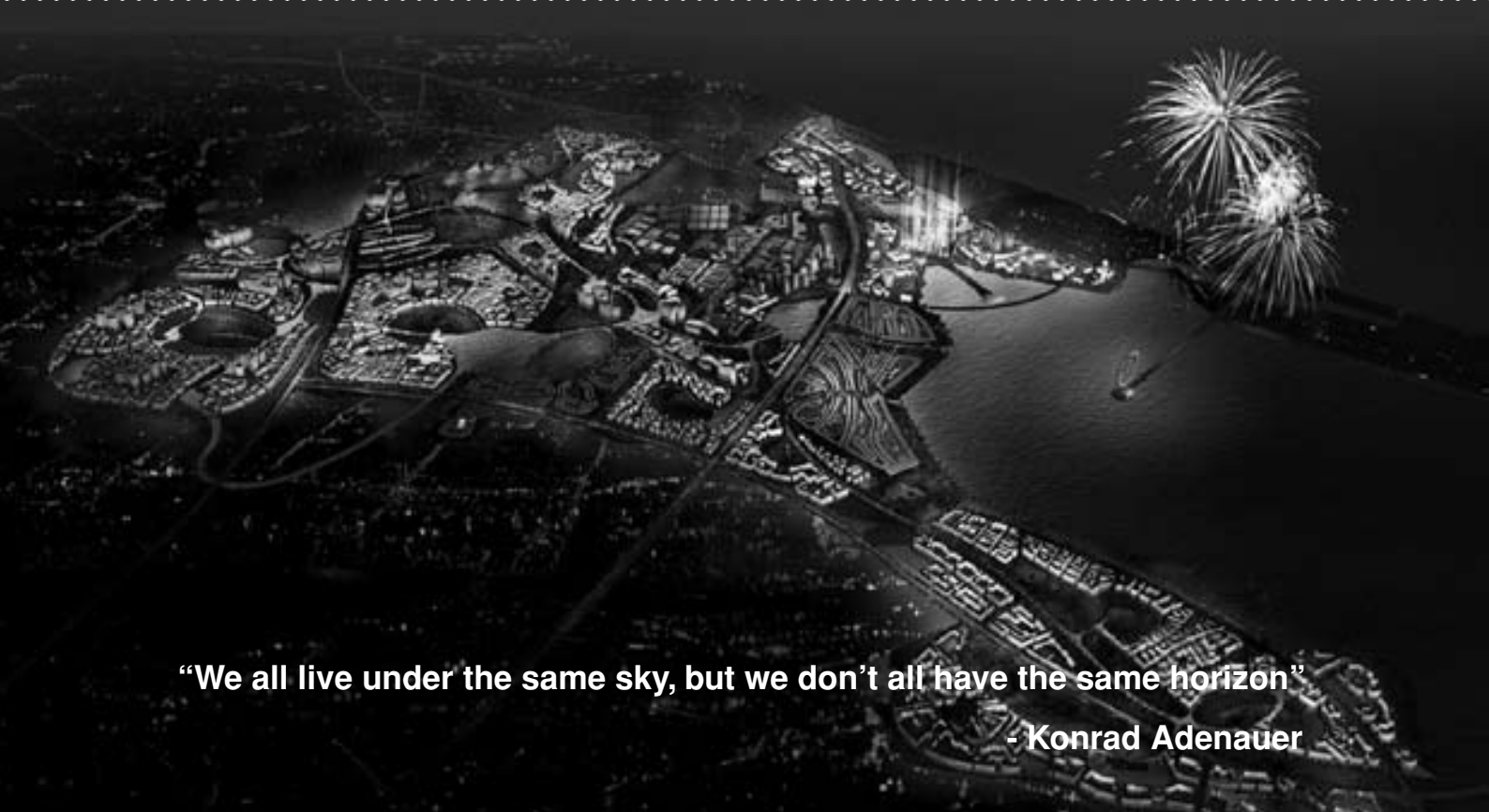
- Foundation and control room works for Das Lagerway Wind Turbines Ltd
- Foundation works for GOETZE in Karnataka
- Building works for BSES Ltd.,



INDUSTRIAL CLUSTERS



SPECIAL ECONOMIC ZONES

An aerial night photograph of a city, likely Chennai, India, showing a dense urban landscape with illuminated buildings and roads. In the upper right corner, several bright fireworks are exploding in the dark sky. The overall scene is dark, with the city lights providing the primary illumination.

“We all live under the same sky, but we don’t all have the same horizon”
- Konrad Adenauer

The grand promise that SEZs held in the early part of 2004 gave way as 2008 came to an end. The economic downturn had hit the SEZ market just as it had everything else. Persistent land acquisition problems added to the woes of SEZ developers. In this scenario MARG's Swarnabhoomi showed how a little bit of forethought could carry the day.

The Key Differentiators that Makes Swarnabhoomi Special Indeed

Being people centric not just business driven: MARG's Swarnabhoomi is located in Seekinakupam, 70 kms from TIDEL park and 60 Km from Puducherry. Spread over 612 acres, Swarnabhoomi came into being with the most peaceful land acquisition possible. Its people centric policies ensured the local population was engaged in such a way that they emerged winners as well. As did MARG.

Re-Modelling Of The Term Multi-Service

Swarnabhoomi is envisioned as a city with Multi-Services and Engineering services SEZ. It is the opening up of the term multi-service that now gives Swarnabhoomi the winning edge.

Two simple maxims led the way for MARG.

1. 'Where there are people there is economic activity'
2. What people go any lengths for is education!

Thus what's being created is a one of a kind educational hub that MARG sees growing into a huge multi dimensional SEZ. Today MARG can proudly state that renowned educational names have announced plans inside Swarnabhoomi.

One of Chennai's most respected names in education, Bala Vidya Mandir has started building a world class residential school inside MARG Swarnabhoomi - BVM Global. A unique knowledge hub includes the upcoming Swarnabhoomi Academy of Music. In store is a Science Park which is a non competing sector and a premier institution in construction management and research. Talks are already on with a leading HR Consultancy for apprentice training.

KNOWLEDGE HUB



The whirlwind of activity has started

The educational institutes have changed the dynamics of the SEZ. Today, accessorising the SEZ has picked up pace. MARG has joined hands with India's leading Medical Services provider for their health care at SEZ. The multi-speciality hospital will not just cater to the captive market inside the SEZ but will draw an international audience too. A mini health centre is already available at site and treating about 100 people daily.

580 residential blocks, designed using an indigenous model, are being built mainly to be marketed to the students, faculty and medical staff.

Recreational facilities: A compact mall and a convention centre complete with restaurants will be built outside the SEZ. A hotel cum convention centre will only add to the economic activity this area will soon see.

The innovation that helps MARG deliver value, time and again

When work for Swarnabhoomi started two things came up for consideration right away.

1. The road connecting Swarnabhoomi to the main road had to be constructed.
2. Water had to be sourced and planned for right away.

The road was completed, 100 feet wide and about a Km in length in just 2 months!

A comprehensive rainwater harvesting scheme is being developed to give an estimated water supply of approximately 7MLD during the rainy season. The wells are being developed and deepened as well. Coupled with this is the plan to develop and process large quantities of desalinated water.

As for the other services: The power substation of 110/ 33 KV is already being provided. Bharath Petroleum Corporation Limited has tied up with the SEZ and fuel pumping stations are already in

operation and an MOU has been signed with BSNL for the telecommunication facilities to be provided at Swarnabhoomi

The other innovations that make the Creation of Swarnabhoomi cost efficient are;

1. To alleviate the ever pressing demand in housing and to take care of important factors like time, quality and price, pre-cast technology from Surbana Singapore is being deployed. With technology in place, a high quality 20 storey building can be completed in a matter of 12 months.
2. Currently all Kerbstones along the pathway and fencing pillars are being manufactured within the SEZ.
3. A kilometer of road now can be built in just 7 days with a new product technology from Romix – by using a product by name SoilFix It also reduces the cost of road building by 25-30%.

Today MARG's Swarnabhoomi can be best illustrated with a 'Bamboo plant'. A bamboo plant, takes a few years to begin its growth phase, then it shoots up almost on a daily basis! Swarnabhoomi's initial development

phase is near completion and its now ready to shoot leaps and bounds in the next few years.

New Paradigm Of Business Development

Tranquil Cove which is on the borders of Swarnabhoomi is now being marketed as the regular 'domestic tariff area (DTA)' thus giving economic advantage to engineering companies, which have less than 30% of their business coming from exports. This broad imaginative restructuring, bases the prospects for SEZ marketing to several engineering services companies.

Also adopting new techniques like Pre - cast Technologies, places MARG Swarnabhoomi a class apart from its competitors.

Back Into The Blue Ocean

With Swarnabhoomi becoming a unique education hub and the engineering SEZ adding value to it, Swarnabhoomi is right in the middle of 'Blue Ocean' territory.

BACK TO THE FUTURE

Science Park

MARG is poised to come up with a science park which will have a special onus on Life Sciences and Biotechnology. With India joining other nations in scientific and technological exploration, a need for special spaces for life sciences would be needed. Predictions place the figures at 139 million sq ft by the year 2010! To simulate and support scientific growth, MARG is setting up a Science Park spread over 30 acres inside Swarnabhoomi. This Park is a member of the International Association of Science Parks (IASP), the largest global network of science and technology parks. This places MARG's park in the same league as famed global parks such as Bio Square at Harvard University, USA and Biopolis, Singapore. In Phase I, 6.50 lakh sq. ft. will be ready to be used for laboratories and incubation space.

Signa Infrastructure India Ltd.

Political consensus on infrastructure development is expected to drive investments of Rs 17,289 billion over the next five years. In this field the global economies have shown how Public Private Partnerships (PPP) can play a positive role in development. MARG is fully participating with the governments in India to come with solid infrastructural projects that will generate not only monies but will stimulate further economic growth.

ONGOING PROJECTS

Airport at Bijapur, Karnataka

This project was won by SIGNA for MARG on a BOT (Build Operate and Transfer) basis for a period of 30 years, extendable for a further period of 30 years on mutual consent. It is proposed to develop the airport in 2 phases. The First phase would support ATR 72-500 aircrafts and the second phase would support A 320 aircrafts along with operation during day and night time. This airport is being developed in an area of 727.04 acres.

Urban infrastructure

Location	Bijapur, Karnataka
Area	727 acres
Airside development	542 acres
Commercial development	185 acres
Project completion	April 2011
Contracted	Land provided by Government on lease basis

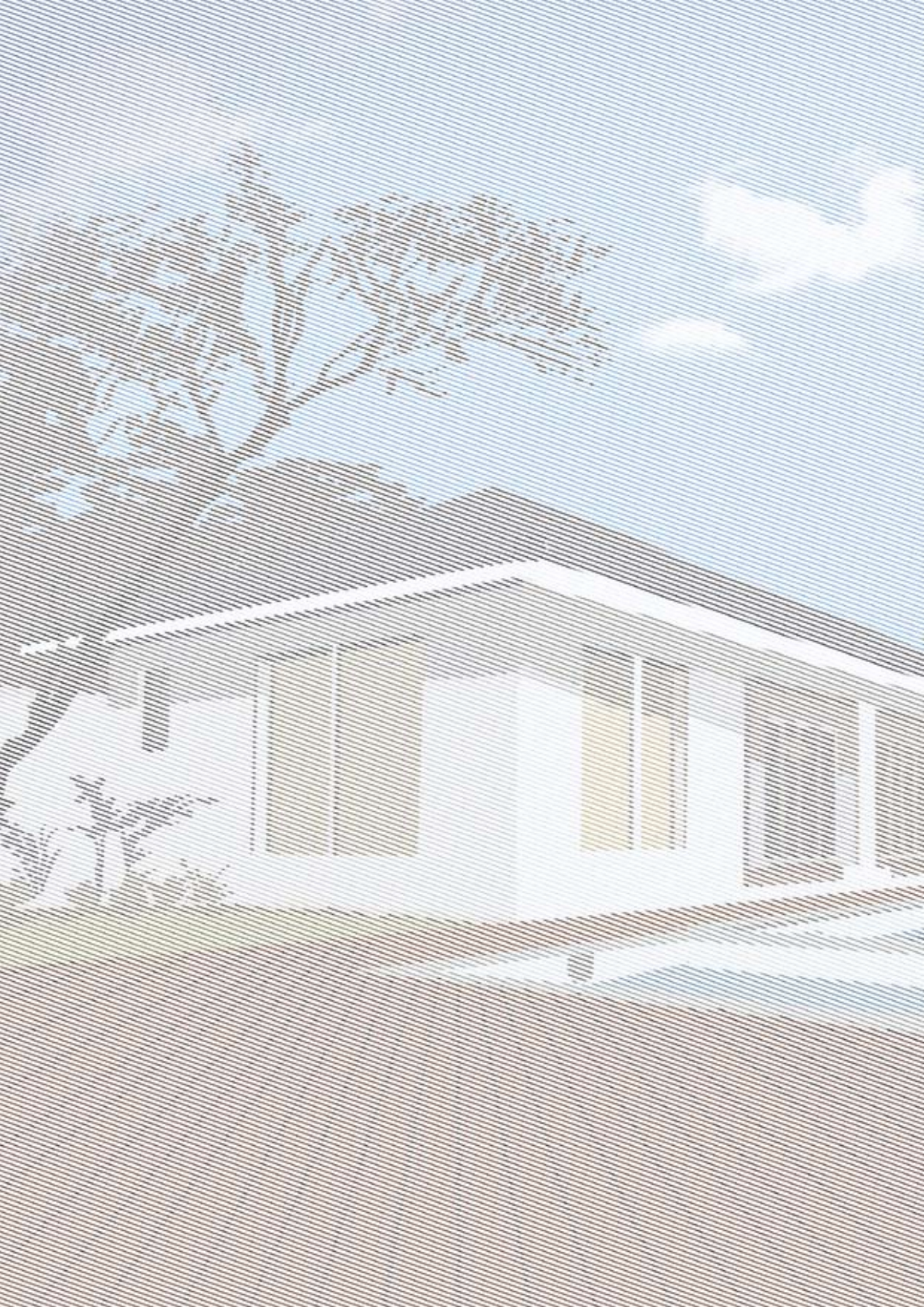
SIGNA using its expertise has bagged the Fully Automatic Multi Level Car Park project in the Wallace Garden project of Chennai, for MARG.

Again on a BOT basis, this project's time frame is for 20 years including 2 years of construction with an estimated Rs. 30 crore developing cost. MOU for the supply of robotic parking system was signed by the consortium of Special Parking Private Limited with Global Engineers India the representatives of Symantec Corporation, South Korea.

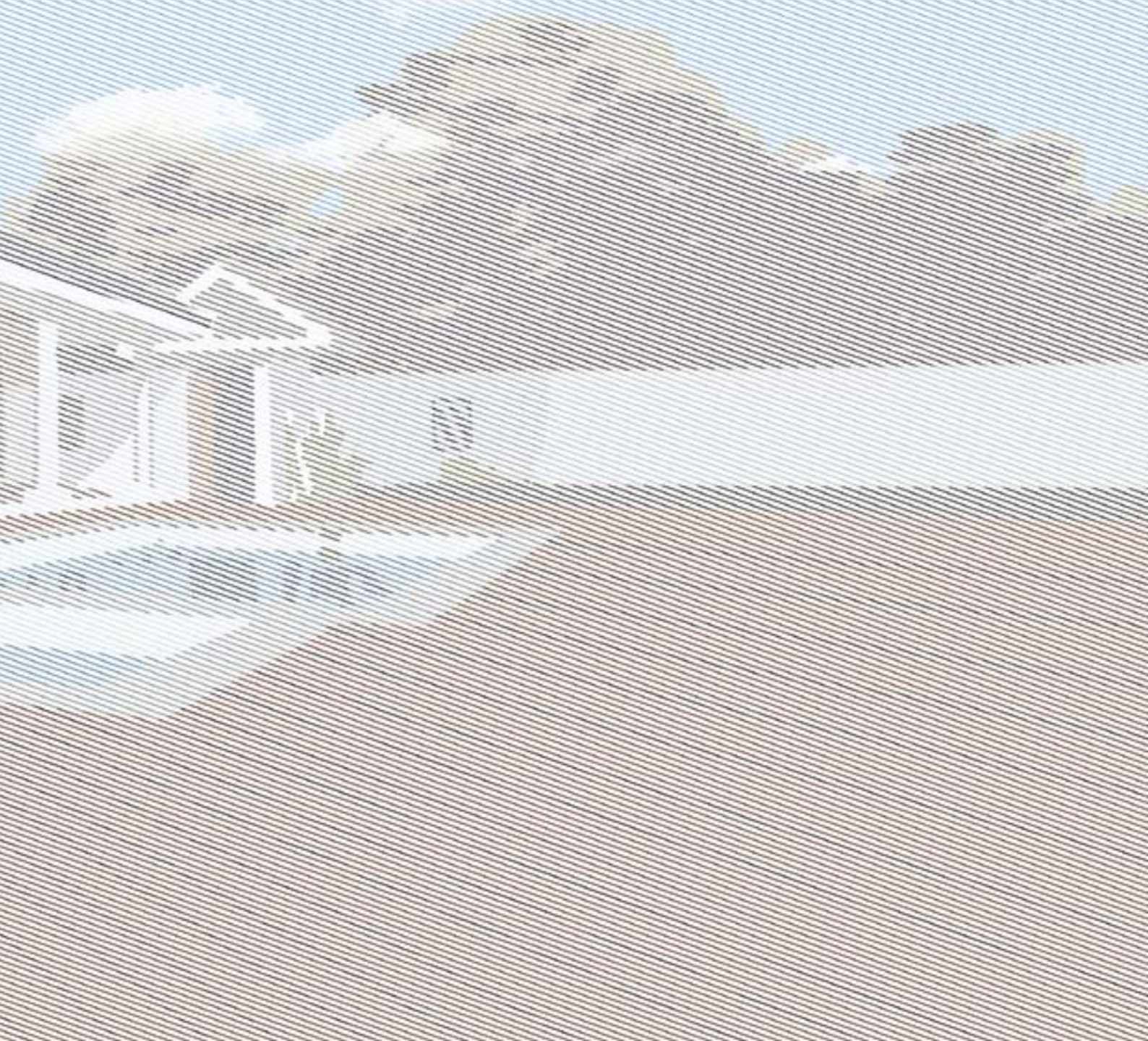
Roads: In the next five years India envisions nearly Rs. 1125 billion coming from private sector to develop roads inside cities and the highways.

SIGNA has won 2 projects with Tamil Nadu state Highways department for the construction of 2 bridges for MARG.

1. A bridge across Vellaiyar River off Mannargudi.
2. A Bridge across the Pazhavar River of Thiruppanandal Aduthurai Road.



REAL ESTATE



MALLS



“Everyone has a plan - until they get punched in the face.”

- Mike Tyson, Boxer

When operating in fields where the grounds for success keep shifting, it's not just important to have a strong strategy in place but have the boldness and the vision to keep revisiting it again and again and again.

Changing lifestyles and rising income levels due to India's strong economy have become prime grounds for the mall business to take off. From a start of just 1 million sq ft in 2002, malls rose to a staggering 40 million sq ft in 2007. It was estimated 2008 would see this expanded to 60 million sq ft. That was when the worldwide recession hit and commercial real estate got caught in the whirlwind of the economic slowdown.

MARG is the pioneer developer on Old Mahabalipuram Road which is now known as the IT Corridor. Its various projects include building Digital Zone I & II and MARG Square on OMR which have been leased by major IT companies. It has also been contracted to manage and build commercial spaces for Wescare India Limited and Slash Support Systems in the heart of Chennai city.

Let's take MARG's projects and it will become apparent how MARG's flexibility of thought, willingness to rethink and expertise to bend the environment in its favour helped to keep it standing tall.

Riverside Mall

The first step – survey the path carefully before you tread.

While the picture remained rosy in statistics, the ground realities presented a different picture. Of the malls coming up, occupancy level was just 50% with many retail names exiting. Major funding was still hard to come by and the malls were just not attracting enough traffic. Retailers bent on remodelling their business for better yield per square feet slowed down upcoming projects.

Back To The Board And How!

MARG took a long hard look at the present scenario with its inherent problems.

Firstly, the business model where the builder constructs and sells it to an investor who either sold the or rented out the shops to the highest bidder seemed flawed. The sole intention of maximising margins with no thought to the overall ambience of the mall had a negative effect on traffic.

The consumer derived little benefit at the mall and

continued shopping in his traditional 'high street markets'. This snowballed into retailers not wanting to step in with further capital for the upkeep of the mall. With the meltdown squeezing them down, they in turn asked the mall owners to accept lower rents. Overall only 15% of the 120 malls all over the country seemed to break even.

Value Innovation To Ensure We Remain Swimming In The 'Blue Ocean'

MARG went right back to the drawing board to evaluate and reengineer 'Malls' per se. The answers were staring at them right away.

To begin with, create a 'win-win' situation for the consumer, retailer and the developer.

Thus Was Born The 'Super Mall' – Or A Multi-Use Destination

Riverside Mall is located on the Old Mahabalipuram Road (OMR) - located on the IT corridor, a six-lane expressway, surrounded by roads on three sides giving it multiple entry and exit points. The true strength behind Riverside Mall lies with a 'super' idea! Create a module where at least 50% of the walk-ins into the shopping area come from a captive audience. That's exactly what Riverside will achieve. The Riverside mall is conceived to be a 1.8 million sqft mixed use phased development, comprising of 650K sq ft for mall, 240 room 4-star, business-class hotel, 210K sq ft of office space and parking for over 1600 cars and 1200 two wheelers.

Statistics

Land area	7.30 acres
Built-up area	18 lakh sq. ft
Mall Built-up area	10.23 lakh sq. ft
Leasable area	7.26 lakh sq. ft
Hotel Built-up area	2.53 lakh sq. ft
Revenue model	Lease

Where 'Value' Is Already Being Derived

1. Riverside is well on the way to becoming host to a large cluster of office, multiplex, a hotel and commercial spaces. MARG has already signed up with world leaders in this regard.
2. The mall's superior parking space will make entry and exit as easy as possible.
3. It becomes more than a shopping space and will now take the place of a great entertainment and lifestyle space. In fact, MARG has already tied up with Chennai's biggest names in Multiplex.

The Pioneering Points

1. A mall's engagement with the mass is now so broad based that it touches the lives of more people than ever dreamed off.
2. Riverside has the capability of giving 'a captive audience' to many of the shops inside it. Simply because of it's eclectic mix of offices and commercial spaces.
3. The river is being adopted, landscaped and beautified such that to create carnival ambience suitable for fun and leisure activities.
4. The development is a Green Building where 80% of

water is recycled, with efficient use of HVAC and optimum use of natural light. This not only reduces operating costs considerably for retailers but in today's times is also a social responsibility.

The Future

Riverside's bold divergence has become the foundation for all thoughts in the real estate section. The SBU has already started working towards this idea and has tied up with world renowned names in the area of retail business, multiplexes, office spaces and hotels.

UPSCALE APARTMENTS



The real estate market especially the residential spaces market saw tremors in demand last year. Not just because of the bottom falling off in the job market but also, because there seemed to be a lacuna in meeting the actual needs of the middle class. Taking a long hard look, MARG saw that redirecting what was conceived

as a luxury apartment into one that fulfills the middle class' housing needs made solid business sense. Thus Pushpadruma became transformed at the very onset, into a colossal project aimed at the heart of the common man.

Pushpadruma – what the common man wants

MARG, after truly incisive research, has started its first phase in building housing spaces for the vast Indian middle class. The blue prints show a picture rarely seen. Gone were certain factors that made no sense to the common man.

The facilities planned became more focused and therefore more meaningful/ Car parking, easy access to the place and a swimming pool meant a good size one.

Thus the grounds to live well are well in place.

Location	Kalavakkam, Chennai
Apartment units	504
Launched	January 2009

INTEGRATED TOWNSHIPS



**Vishwashakthi At Tirupati.
Or The Rise Of Small Towns!**

Most large cities are now straining at their seams. However with industry now blooming in the smaller cities, the quality of life and affluence have gone up. Yet no one seemed to have any data regarding the growing needs of these cities.

MARG's research revealed some interesting facts:

1. The young and now, increasing affluent segment in the towns have a 'big city attitude'
2. Satellite incursions have opened their eyes to a cosmopolitan lifestyle
3. They are open to the pluses of living in a community, enjoying a modern lifestyle vis a vis staying in their independent houses.

MARG acted upon its research and has launched its township project, Vishwashakthi on the outskirts of Tirupati. Vishwashakthi will house world-class amenities and features from a school to serviced apartments, a convention centre to a commercial complex. It is set to redefine the concept of a township.

Location	Tirupathi town
Apartment units	400
Launched	January 2009

The Bottom Of The Pyramid Is Fast Ascending. Marg Is Ready For Them

Low cost housing may be the key word today but MARG with its extensive experience knows that it is more of a movement than just a single project. To begin here, MARG is in the process of tying up with large banks to provide micro-finance even as it begins building low cost housing for the lowest base in the economy.

The Future

More townships rather than plain vanilla housing, more comprehensive amenities than just a laundry list of things. Navratna, the residential enclave of MARG Swarnabhoomi will house 15,000 apartments and penthouses. Set in sylvan surroundings with easy access to restaurants, malls, multiplexes and hospitals, it will also be just a hop away from the bustling commercial district of the Neo-City – perfect for endorsing the walk to work concept that we all pine for.

Location	MARG Swarnabhoomi
Apartment units	15,000 Apartments
Launched	February 2008

Ramlakshmi Enclave will house 96 apartment units and is set to improve the standard of living and bring about a huge improvement and change to existing lifestyles in Tenali, Andhra Pradesh.

Location	Tenali, AP
Apartment units	96 Apartments
Launched	January 2009



An inside view of the township at Tirupathi which includes commercial and residential spaces.



 MARG

MARG PARIVARTHAN

Creating change, across all our projects



Parivarthan – A Chain of Change

Parivarthan – meaning 'Chain of Change' is the CSR brand of MARG. Parivarthan is not just about Corporate Social Responsibility, but about transforming the society and the neighbourhood in MARG's areas of impact. To bring in this transformation through the 'Chain of Changes, they commence by studying the socio-economic conditions of the community, which would throw light on the various parameters of our study.

MARG's philosophy of chain of change is that any effort taken as an agent of change for betterment in the society will bring about a chain of change. For instance a change in the economic status of a society will pave a way for better educational status in the society, thereby leading to a better opportunity for employment. So are the changes in other areas bringing about a chain of change.

The goal of MARG's chain of change is to bring about a better quality of life for the communities neighbouring our project areas.

MARG's thrust areas of impact in a community are in the fields of education, healthcare & nutrition, skill development, livelihood generation, and environmental care.

Parivarthan works to

- Improve the literacy rates in their area of impact
- Ensure access to higher education and help pursue the same thereby changing the lifestyles
- Ensure permanent income generation in a family with a complimentary income
- Help the Self Help Groups in creating sustainable business models that will ensure constant flow of income to the members of the SHG

- To ensure sustained livelihood without displacing the family from its community
- To create increased awareness to health issues and ensure better access to medical facilities
- To ensure a clean green environment with emphasis on hygiene
- To create a renewable energy source plane for the community by recycling waste materials

Approaches To CSR Initiatives In MARG

- MARG for all its CSR initiatives will collaborate with Government, National and International Non Governmental Organizations (NGO) and Civil Society Organisations.
- MARG would implement its programs through local NGOs involved in developmental activities. The NGOs will be selected based on merit and past achievements.
- Community participation and ownership will be the key focus in all the CSR programs of MARG for sustainability of the programs initiated.

Strengthening Infrastructure of School And Anganwadi In Seekinankuppam And Kodur

Children are the future means of development in the society. Education plays a crucial role in developing children who in turn bring about a developed society. MARG believes that strengthening the school infrastructure to provide better facilities to the children attracts them to attend school and would in a way prevent school drop out in the villages. Therefore MARG would like to strengthen infrastructure of schools and anganwadi centers.

INDUSTRY REVIEW

Infrastructure broadly covers sectors like Power, Roads, Railways, Telecom, Irrigation and Water Supply, Ports and Airports among others.

The Planning commission had indicated in its report on Investment Projections for the Eleventh Five Year Plan, that **India needs an Investment of more than Rs.20 lakh crores or USD 500 billion over the next five years**. It had also indicated that the private sector was expected to contribute around 30% of this investment overall. Especially, Private Sector is expected to contribute around 70% of the investments in sub-sectors like Ports / Airports and Telecom. All these signal the recognition of the government that private participation is welcome wherever it makes business and political sense. These public private partnerships are all set to hasten change in the infrastructure of the country with almost \$150 billion of investments reportedly in the pipeline.

A recent study by PWC reports that India offers unlimited opportunities as it needed investment of \$500 billion for infrastructure development in the next three years alone. Being India's second largest economic activity after agriculture, construction in India is set to boom as the country plans to spend \$167 billion on electricity, \$92 billion on roads, and \$65 billion on railway in the next three years. The developing services and manufacturing sectors, increasing consumer demand and government commitments to rejuvenate agriculture and rural areas have spurred increases in rail, road and port traffic, necessitating further infrastructure improvements, the report said.

The two biggest sub-sectors within Infrastructure are Power (32%) and Roads (15%), which require close to 47% of the investments projected for the Eleventh Plan period. The huge growth in demand for power for industrial and urban development will fuel the investments in this sector. Within Power sector, the Generation and Transmission sectors are easier to open up for Private participation and will see large growth. The four UMPPs that have recently awarded and the few others on the anvil will ensure huge activity in the generation segment. With the political stability at the centre, the Indo-US Nuclear deal is expected to move forward. This will further improve the investment potential in the Nuclear Power generation over the next few years. This will have the ripple

effect of growth in Ports and Roads infrastructure, the EPC sector and of course cement, steel and power equipment manufacturers among other sectors. Financing is also not seen as a major issue as most of the UMPP projects have already obtained financial closure.

Roads are another major sector, which needs huge investments, but has seen precious little growth in the past few years. However, the government is expected to refocus its attention on this sector, as without this, no other investment in industry or agriculture would bear fruit. The minister for Highways has set an ambitious target of 20km of roads per day. The National Highways Authority of India (NHAI) is willing to look at alternatives to the BOT only approach, which had led to poor responses to RFPs earlier. This will ensure that roads that are not feasible to be built under the PPP mode can now be built using models. Further on the financing front the minister has talked about a "Road Finance Corporation" which can raise money through issue of bonds etc. What however, remains to be seen is how land acquisition issues area major factor causing hold ups in Road projects is sorted out. This is one of the major factors where the ministry / NHAI should work with the State governments to ensure that the land is made available in a quick and efficient manner. This would also ensure that the project costs do not escalate, making the projects unviable.

The concept of "Regional Development" is at the core of MARG's business model. This means the infrastructure and development activities by MARG would be such that it improves the regional economic activity, benefits the local population by improving their income levels and providing them with improved living and working conditions. MARG doesn't look at projects in isolation, but believes in infrastructure projects triggering the growth engines of a given region, which sets in motion a chain of economic activities.

This "positive economic spiral" would be self-sustained and MARG would be well positioned to participate in this prosperity. We expect this model to bear fruit in Karaikal and Swarnabhoomi regions and in Bijapur in the future. Apart from Infrastructure companies, firms doing pure play EPC contracting would stand to be major gainers by activities in all these sectors. The suppliers of major raw materials like cement and steel

also stand to gain. It needs to be ensured that prices of cement and steel are kept under control, as otherwise the progress of many of these projects would be under question. Also, the delays in getting government approvals, and acquiring land must be taken care of to ensure that growth happens at a fast pace.

MARG is positioning itself to benefit from this growth story. With the in-house expertise on EPC built over the years by constructing Port, Commercial and Residential Buildings and also Roads and Alternative energy projects, MARG is well positioned to partake in

the expected boom in the construction sector.

By the launch of the new EPC division- Foundation India, MARG will be able to service the needs of the Power, Roads, Ports and other sectors in a much better fashion and increase its market presence in this area. The timing of the launch would be just right, as with the new and stable regime in place for the next five years with stated objectives of increasing Infrastructure spend to around 9% of GDP in the Eleventh Plan period, a large number of projects are coming up in the next couple of years. This would help the new division achieve many milestones right off the bat.

MARINE INFRASTRUCTURE

Ports – An Overview

With the successful commissioning of MARG's Karaikal Port in April 2009, we have joined the ranks of select few port operators in the country. Equity Investments in the KPPL by leading financial institutions is testimony to MARG Success story. With the huge predicted growth in port capacity and high level of private sector participation (around 70%) in this segment, MARG is ready to increase its presence in this sector by increasing the capacity of its Karaikal Port in Phase -2 as well as look to build new ports to its portfolio. Once again, the funds for Phase – 2 expansions are already tied up and work is in full swing.

Seaports are a sector where investments would grow substantially, especially from the Private sector. India has more than 7500 kms of coast line serviced by 12 major ports and 187 minor ports. Almost 95% of foreign trade by volume and 70% by value happens via the sea route. Around 75% of the cargo is handled by the 12 major ports today. However, this is expected to change in the coming years, as the other ports are growing at a faster clip. India still needs to invest a lot in modernizing, increased capacity and ability to accommodate the larger vessels and increasing container traffic of today. This means increasing the depth of channels in existing ports, improve loading and evacuation rates to reduce turnaround times, ability to accept wide variety of cargo like bulk, general and container cargo. The existing 12 major ports also need huge investments in upgrading and expanding their capacities. India is expected to double its Ports capacity to 1500 million MT by 2011-12. As per GOI estimates, an investment of around US\$ 13.5 billion in the major ports and around US\$ 4.5 billion in minor ports is needed over the next 5-7 years.

However, Indian seaports still do not figure in the upper echelons of the global charts. Till 2007, none of India's ports featured in the Top 25 of the World's seaports while China had eight ports on the list. Freight traffic of all of India's major ports combined was just slightly higher than at Singapore, the world's largest port. Similarly, container traffic in Singapore alone is four times higher than India's combined traffic generation. Almost 60% of India's container traffic is handled by the Jawaharlal Nehru Port Trust in Mumbai. It has just 9 berths compared to 40 in the main port of Singapore. It takes an average of 21 days to clear import cargo in India compared to just 3 in Singapore.

However, the port sector is all set to grow in the coming years with tonnage traffic likely to increase by around 11 % till 2015 and a 14 % increase annually in container traffic – significantly higher than the global growth average of about 9%. Indian ports have been exceeding their cargo handling targets set by the Government. These ports handled 519 million tonnes of cargo in the last fiscal, an increase of 12 per cent over the previous fiscal. And for the first time, two ports, Kandla and Visakhapatnam ports, handled a throughput of more than 60 million tonnes each. However, we need to look to enhance our capacities quickly as this growth looks very modest when compared to the 3000 % growth experienced by the container traffic in Shenzhen, the fastest growing port in China since 1996.

Given the bountiful coastline, the Government has realised that it can only elevate its status as a major player in global trade by increasing the number of ports and their capacities. India's location and topographic features is a definite advantage as the country looks to position itself into a major freight transshipment point linking Europe with East Asia.

The National Maritime Development Programme of 2006 helped identify approximately 300 major and minor projects with the implementation target being 2011 -12. This programme includes 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.

Performance of Major Ports

Port-wise handling capacity as well as Traffic Handled during the year 2007-08 is given below;

Cargo Traffic at Major Ports (Million Tonnes)		
Ports	Handling Capacity	Traffic Handled
	2007 - 08	2007 - 08
Kolkata	14.56	13.74
Haldia	46.70	43.58
Paradip	56.00	42.43
Visakhapatnam	61.15	64.59
Ennore	53.35	57.15
Chennai	13.00	11.56
Tuticorin	20.75	21.48
Cochin	28.37	15.81
New Mangalore	43.50	36.01
Mormugao	33.05	35.12
Mumbai	44.70	57.03
JNPT	54.34	55.83
Kandla	62.60	64.92
Grand Total	532.07	519.31

PORTS - RECENT INITIATIVES

Mode Concession Agreement (MCA)

The Government has finalised a Model Concession Agreement (MCA) to ensure uniformity in the contractual agreements to be entered by the Major Ports with the selected bidders for the Build, Operate & Transfer (BOT) projects to be developed through Public Private Partnership (PPP) mode. It will also enable the prospective bidders to have prior knowledge of the contractual obligations of both parties and therefore, ensure transparency.

New Tariff Guideline

For fixing tariffs, the Department of Shipping has formulated new Tariff Guidelines, Tariff Authority for Major Ports (TAMP) an autonomous body under the Department of Shipping, shall now follow a normative cost based approach for fixing tariffs. These tariffs will act as ceiling and will be indexed to inflation and the private operators are free to charge below these ceilings.

Rail Road Connectivity of Major Ports

The Committee on Infrastructure (CoI) headed by the Prime Minister set up a Committee of Secretaries (CoS) under the Chairmanship of Member Secretary (Planning Commission) to review the rail road connectivity of Major Ports which recommended that each Major Port should preferably have minimum four lane road and double line rail connectivity and this should be established in fixed time frame.

Foreign Direct Investment (FDI) Policy and Incentives in the Port Sector

Incentives on Foreign Direct Investment in the ports up to the limit indicated below are allowed. Automatic approval of up to 100 per cent for foreign equity participation with regard to the construction of ports and harbours and of foreign equity participation of up to 100 per cent for support services such as operation and maintenance of piers, loading and discharging of vessels with a ten year tax holiday.

The Shipping Trade Practices Bill, 2008

A Bill to provide for bringing transparency in trade practices adopted by maritime transport logistics service providers in respect of services rendered by them for arranging transportation of containerized cargo; registration of such service providers and their obligations; mode and manner of fixing tariff by the service providers; EXIM (Export Import) and for matters connected therewith or incidental thereto.

The Policy for the maritime sector would emphasize the importance of cost effective movement of cargoes, transparency of decisions on objective considerations in matters of investment decisions, the efficiency of operations of the infrastructure as well as the relevance of core competent maritime personnel.

The programmes under the Policy would address the following: -

- Modernizing the existing ports and upgrading their facilities in order to bring them on par with the leading ports of the world.
- Developing new ports in order to fully utilize the vast coastline of the country and the available draft for deriving the maximum economic advantage.
- Promoting hinterland connectivity to ensure least-distance access of the country's cargo to the ports and also offer choice of ports in the region and terminals inside the ports to Trade.
- Fostering Port specialization and inter-port complementarity for overall optimization of port facilities and the efficiency at the Ports.
- Facilitating the increased flow of private investment, both domestic and foreign, and at the same time ensure a competitive

environment that would preclude prospects of emergence of monopolies.

- Providing for institutional safeguards for the port infrastructure provider (public authorities/private sector – be it domestic or foreign/joint ventures regarding investments and ensuring compliance of service standards to the users.
- Promoting multimodal transport in the interest of time and cost efficiency.
- Facilitating the acquisition of Indian tonnage for securing a significant share for the country in world tonnage and for increasing the share of Indian bottom lines in the carriage of the country's overseas traffic through cargo support to Indian flag vessels.
- Promoting and strengthening shipbuilding, ship-repair and ship-breaking activities including promotion of indigenous ship design and research.

Source: <http://www.indiainbusiness.nic.in/industry-infrastructure/infrastructure/port.htm>

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.

In 2005, the Rajakkamangalam Thurai Development Trust set up by the village of Rajakkamangalam Thurai – a village in Kanyakumari district, sought authorisation from the Government of Tamil Nadu (GOTN) for the development of the harbour. GOTN therefore called for competitive bids. RTDT, in consortium with MARG and CCCL bid and won the project. The project is to be developed on BOOT basis.

INDUSTRIAL CLUSTERS

Industrial clusters refer to a large group of firms in related industries that are located in a specific region. While a 'specific region' provides a geographical dimension to the definition of a cluster, 'related industries' adds a technological dimension. It implies that the groups of firms are similar in products or processes and are linked through the technology supply chain. Often such geographical agglomeration of firms is centered around a strong science base as is the case with the Silicon Valley and the Cambridge clusters. Typically, firms group together to take advantage of a strong demand in the region, large supply of skilled (scientific) manpower and the network of complementary capacities in other firms of the region.

Special Economic Zones (SEZ's) – An Overview

India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000. The special Economic Zones Act 2005 came into effect on Feb 2006, providing for drastic simplification of procedures and for single window

clearance on matters relating to central as well as state governments.

Objectives of the SEZ Act

- generation of additional economic activity
- promotion of exports of goods and services
- promotion of investment from domestic and foreign sources
- creation of employment opportunities
- development of infrastructure facilities

This has helped trigger a large flow of foreign and domestic investment in SEZs, in infrastructure and productive capacity, leading to generation of additional economic activity and creation of many employment opportunities.

Incentives of an SEZ

The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs, including foreign investment include:-

- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units
- 100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years.
- Exemption from minimum alternate tax under section 115JB of the Income Tax Act. External commercial borrowing by SEZ units up to US \$ 500 million in a year

without any maturity restriction through recognized banking channels.

- Exemption from Central Sales Tax and Service Tax.
- Single window clearance for Central and State level approvals.
- Exemption from State sales tax and other levies as extended by the respective State Governments.
- The major incentives and facilities available to SEZ developers include
- Exemption from customs/excise duties for development of SEZs for authorized operations approved by the BOA
- Income Tax exemption on income derived from the business of development of the SEZ in a block of 10 years in 15 years
- Exemption from minimum alternate tax
- Exemption from dividend distribution tax
- Exemption from Central Sales Tax
- Exemption from Service Tax

Year	Value (Rs. Crore)	Growth Rate (over previous year)
2003-2004	13,854	39%
2004-2005	18,314	32%
2005-2006	22,840	25%
2006-2007	34,615	52%
2007-2008	66,638	92%

MARG Swarnabhoomi, the 24 - Carat Neo city is being developed on the East Coast Road, around 80 kms from Chennai. Master planned by world renowned architects HOK from Chicago, the city will be spread across more than 1000 acres and will encompass two Special Economic Zones (SEZ's) – one for

Multi-Services and the other for Engineering, residential apartments & penthouses, commercial buildings and shopping malls.

Statewise distribution of SEZ's

State	Formal approvals	In-principle approvals	Notified SEZs
Andhra Pradesh	101	3	67
Chandigarh	2		2
Chattisgarh	1	2	
Delhi	1		
Dadra & Nagar Haveli	4		
Goa	7		3
Gujarat	50	11	29
Haryana	46	17	29
Himachal Pradesh		3	
Jharkhand	1		1
Karnataka	50	9	27
Kerala	21	1	9
Madhya Pradesh	14	6	5
Maharashtra	109	35	51
Nagaland	2		
Orissa	10	3	5
Pondicherry	1	1	
Punjab	10	7	2
Rajasthan	8	11	7
Tamil Nadu			
69	17	49	
Uttar Pradesh	34	5	16
Uttarakhand	3	-	2
West Bengal	24	13	11
GRAND TOTAL	568	144	315

Source –www..sezindia.nic.in

REAL ESTATE

An Overview

The real estate industry is a cluster consisting of industrial and service sectors like real estate (Housing Construction, Construction of Commercial offices, Retail and industrial buildings and Infra structure projects), brokerage services, real estate finance services (mortgage banking, real estate investment), real estate operations, property management, architecture and design. The Indian real estate sector plays a significant role in the country's economy. The sector is second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP). Almost five per cent of the country's GDP is contributed to by the housing sector. In the next five years, this contribution to the GDP is expected to rise

to 6 per cent. According to industry players, housing accounts for 4.5 per cent of gross domestic product (GDP) with urban housing accounting for 3.13 per cent. It has also been suggested that India's property sector could begin to improve from late 2009 and may attract up to US\$ 12.11 billion in real estate investment over a five-year period. Moreover, the real estate sector is also responsible for the development of over 250 ancillary industries such as cement, steel, paints etc. A study by rating agency ICRA shows that the construction industry ranks 3rd among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy. A unit increase in expenditure in this sector has a multiplier effect and the capacity to generate income as high as five times.

Indian real estate market during 2006 is estimated about US\$16 billion and has been growing at a CAGR of 30% for the last few years and is expected to reach US\$60 billion by 2010 and commercial real estate market would reach US\$12 billion by the same time. Share of foreign investments in real estate will increase from current US\$3.12 billion to about US\$25-28 billion by 2010.

US \$ Billion



With the advantages of significantly lower cost of operations in India, several multinational companies across the globe are expressing their willingness to shift their operations to India. According to a 2005 estimate, the demand for office space by the ever expanding IT and IT-enabled service sectors in India would be around 66 million square feet, in the next five years. These multinational companies have realized the fact that in order to flourish their business, the skilled Indian work force can be of great use to them. So they need to provide the Indian professionals with all the facilities of modern life starting from housing to entertainment, so that they can give their best in the work place and at the same time be happy with their standard of living. This trend has set off the development of world-class entertainment centers and business centers, across the country, thereby bringing a radical change in the lives of urban population in India. The growing demand of skyscrapers in all the metropolitan cities across the country has changed the image Indian skyline.

The IT and ITES sector alone is estimated to require 150 million sq ft of office space across urban India by 2010. Organised retail is also responsible for the growth in commercial office space requirement. The organised retail industry is likely to require an additional 220 million sq ft by 2010. Moreover, growth is not restricted to a few towns and cities but is pan-India, covering nearly all tier-I and tier-II cities.

Almost 80 per cent of real estate developed in India is residential space, the rest comprising of offices, shopping malls, hotels and hospitals. According to the

Tenth Five-Year-Plan, there is a shortage of 22.4 million dwelling units. Thus, over the next 10 to 15 years, 80 to 90 million housing dwelling units will have to be constructed with a majority of them catering to middle- and lower-income groups. These new strategies of low cost housing which will help reach out to more first time home buyers. This current trend means that more middle-income end users will be looking to buy a home. With constant property appreciation in last three to five years and easy bank finance of up to 85-90 per cent more and more young buyers are looking to invest in real estate.

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 the retail segment. With a booming middle-income population and rapidly increasing household incomes, consumer spending is at an all time high and driving the growth of the Indian retail Industry.

India has become the destination for International retail expansion and with the Government relaxing norms more foreign players are establishing chains either through their own expansion or through the franchisee model. Major Indian Corporations have also identified the opportunity and are starting new chains. The organised retail market is expected to grow at 25-30% annually and entail greater geographical spread of organized retail into tier I and tier II cities, and demand for retail space.

The hospitality segment is also growing at a very rapid pace. With the growth of industries there has been a surge in business visitors to the country. These visitors extend their stays or come again as leisure travellers which further boost our economy. Tourism infrastructure is still developing which will lead to increased occupancy rates and average room rents. With access to cheaper options to fly and budget hotels & serviced apartments to stay in, the leisure industry is looking at major growth. Domestic tourism has also been bolstered by growing disposable incomes

Government Initiatives

The government has introduced many progressive reform measures to unlock the potential of the sector and also meet increasing demand levels. The government's recently announced stimulus package, coupled with the Reserve Bank of India's (RBI) move allowing banks to provide special treatment to the real estate sector, is likely to impact the Indian real estate sector in a positive way. RBI has decided to extend exceptional concessional treatment to the commercial real estate exposure and restructured it to June 30, 2009

Major Initiatives

Some Of The Initiatives That Will Be Beneficial To The Sector Include

- 100 per cent FDI allowed in realty projects through the automatic route.
- In case of integrated townships, the minimum area to be developed has been brought down to 25 acres from 100 acres.
- Urban Land (Ceiling and Regulation) Act, 1976 (ULCRA) repealed by increasingly larger number of states.
- Enactment of Special Economic Zones Act.
- Minimum capital investment for wholly owned subsidiaries and joint ventures stands at US\$ 10 million and US\$ 5 million, respectively.
- Full repatriation of original investment after three years.
- 51 per cent FDI allowed in single-brand retail outlets and 100 per cent in cash and carry through the automatic route.

The Chennai Market

The real estate sector is one of the most buoyant in Chennai. Its growth in the last decade ensures that there is always a demand for commercial as well as residential properties. Apart from office space and housing, there is a demand for shopping malls and hotels, preferably within a radius of 50 to 80 kms around Chennai. Old Mahabalipuram Road (OMR), Taramani has remained the center of real estate commercial activity soon after the Government declared the stretch as the IT corridor of Chennai. Sriperumbudur Taluk, 40 kms from Chennai is now home to top multinationals

like Nokia, Ford, Hyundai, BMW and Flexitr. This has resulted in higher employment opportunities and more disposable income. Today's employees are young and well educated and want to live a lifestyle that is in the fast lane, leading to a growing need for low cost housing, malls and other commercial spaces for them to spend their time and money in and has a major boost to the retail segment.

Advantage Chennai

Chennai, popularly known as the 'Detroit of India', finds place among the top ten preferred destinations in the world for IT and BPO companies across the world. This is a predominant factor for Chennai's real estate boom. Apart from proliferation of IT and ITES business, Chennai is fast emerging as a major manufacturing hub for auto components and electronic and electrical industries. Chennai as compared to other metropolitan cities in India has a distinct cost advantage, positive investment atmosphere, better infrastructure, young qualified workforce, and lower attrition levels, English language skills which attract many domestic and multinational companies to set up business centers in Chennai.

World majors pitch for space in TIDEL Park and SIPCOT Park. On the whole, the demand is lead by IT-ITES sector, which contributes about 90% of the total demand for office space in Chennai closely followed by financial service industry.

AIRPORTS

The government has given unprecedented attention to India's infrastructure deficit, with some decent results. Following in its predecessor's footsteps—despite the Communists' rowdy objections—it has pushed public-private partnerships (PPP) for building roads and airports. Hyderabad and Bangalore each opened a new airport this year. By 2010 the main airports in Mumbai and Delhi will have been modernised. Such large scale improvisation and expansion in the Indian airport infrastructure market coupled with active government support for private participants, particularly in Greenfield projects, has enabled the sector to take huge strides forward. Observations indicate that long term prospects for both private participants and the country look promising.

The drivers for the airport infrastructure development in India have been emerging business places, increased scope for connectivity, operating models of airlines, government initiatives, and the dynamic growth of tourism. The growth forecast for the period 2009-2013 for international aircraft movement is 13 percent and domestic is 14 percent. The domestic passenger growth is expected to be 20 percent while international is poised to be at 16 percent. The cargo growth is expected to be at 12 percent and 10 percent for domestic and international respectively.

The Government of India has encouraged private participants by providing assistance in terms of tax holidays and land for construction. Empowered committees and steering boards have been set up to expedite and monitor the progression of projects and policies connected with the development of airport infrastructure.

Another key driver for the airport infrastructure market is the up gradation of 35 non-metro airports identified by the Airport Authority of India (AAI). These airports are planned to be upgraded in 3 phases. All these Brownfield airports can have private participants pitching in for the land side development and some of the areas on the air side development.

MARG is poised to move forward in the development of Bijapur Airport. With two other minor airports in the State of Karnataka facing troubled times, this project could gain further importance. The government of Karnataka is trying to develop a Food Park in the area to tap into the Agri business potential of the local area. The increased economic activity from this and the inherent tourism potential of Bijapur is likely to augur well for the project.



**AWARDED INDIA'S FASTEST GROWING
CONSTRUCTION COMPANY BY CONSTRUCTION WORLD**

BOARD OF DIRECTORS



Mr. G R K Reddy
Chairman and Managing Director (Executive)



Mrs. V P Rajini Reddy
Director (Non-Executive)



Mr. G Raghava Reddy
Director (Non-Executive)



Mr. Arun Kumar Gurtu
Director (Non-Executive, Independent)



Mr. Karan Jit Singh Jasuja
Director (Non-Executive, Independent)



Mr. Sai Baba Vutukuri
Director (Non-Executive, Independent)

DIRECTORS' REPORT

Dear Stakeholders,

The Directors of your Company have great pleasure in presenting the Fourteenth Annual Report, together with the audited accounts for the financial year ended 31st March 2009.

Members would be happy to note that your Company had been awarded as 'Fastest Growing Construction Company' in Medium Category at the "6th Construction World - Annual Awards 2008".

Members would be happy to note that your Company had a good year of operations, resulting in operational income of Rs.462.99 Crores, an increase of 91% over the last year. Operations resulted in an after tax profit of Rs.40.90 Crores.

Operations

The Company's financial results for the year ended 31st March 2009 is summarised below;

	(Rs. in Crores)	
	Year ended 31 st March, 2009	Year ended 31 st March, 2008
Income from operations	462.99	242.75
Non-operating Income	0.18	35.65
Total income	463.17	278.40
Total expenditure	380.17	186.56
Profit before depreciation, interest and taxation	83.00	91.84
Depreciation	6.44	3.18
Interest & finance charges	13.63	5.13
Profit before tax	62.93	83.53
Current Taxes	19.00	14.40
Prior Period Taxes	0.19	-
Deferred Taxes	2.67	1.53
Fringe Benefit Tax	0.17	0.16
Profit after tax	40.90	67.44
Balance in Profit & Loss Account	90.24	35.80
Amount available for appropriation	131.14	103.24
Dividend	5.12	5.12
Dividend tax	0.87	0.87
Transfer to general reserve	5.00	7.01
Balance carried to Balance Sheet	120.15	90.24

Despite of economic slow down, your Company has achieved a turn over of Rs.462.99 Crores. During the year, the basic earning per share is Rs.15.97 and diluted earning per share is Rs.15.94 on the face value of Rs.10 per share.

Dividend

The Directors recommend a dividend of Rs.2 on the face value of Rs.10 equity share for the year ended 31st March 2009. The aggregate amount of dividend on equity shares for the financial year 2008-09 would be Rs.5.99 Crores including dividend tax and surcharge thereon. The Company has transferred Rs.5 Crores to the General Reserves out of the amount available for appropriation.

Projects

Your Company has achieved significant progress in all its current projects and has completed the projects on time. Phase 1 of Karaikal Port is completed and work for the Phase 2 has already been started. Your Company has already achieved financial closure for Phase 1 of SEZ - Swarnabhoomi and Phase 2A of the Karaikal Port.

Having achieved significant experience and expertise in executing various projects, your Company has focused on the EPC division which is going to be one of the major verticals for your Company. Your Company has created an efficient and experienced workforce for all of its divisions.

Your Company's projects in different verticals are handled by dedicated teams. These teams are highly skilled, motivated and are led by professionals who are experts in their respective fields.

These projects are discussed in the Management Discussion and Analysis Report which forms part of this report.

Future prospects

Going forward, we maintain our positive outlook to maintain the growth momentum for the year 2009-10. The Government of India has given indication for boosting of infrastructure and realties sector. The fall in interest rates will be a significant factor for growth of the sector.

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 Discussion and Analysis Report.

Challenges

Your Company with its "Spirit of Visioneering" is moving ahead for setting up the milestones in its all projects.

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

Joint Venture Agreement

(i) Signa Infrastructure India Limited is a company incorporated as a subsidiary of MARG Limited, in a Joint Venture with Housing and Urban Development Corporation Limited (HUDCO). The company, incorporated as a techno financial collaboration between your company and HUDCO, is operating efficiently and bidding for various projects.

(ii) Company has entered into a Joint Venture to set up a Fully Automatic Robotic Multi Level Car Park with M/s.Apollo Hospitals Enterprise Limited at Chennai.

Fixed deposits

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

Directors

Mr. G Raghava Reddy and Mr. Arun Kumar Gurtu, 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 confirm that;

- i) In the preparation of the Annual Accounts for the financial year ended 31st March 2009, the applicable accounting standards had been followed and there were no material departures;
- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss account of the Company for that period;
- iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) They have prepared Annual Accounts on a going concern basis.

Auditors

M/s.K Ramkumar and Co., Chartered Accountants, Auditors of the Company, hold office up to the conclusion of the forthcoming Annual General Meeting and have given their consent for the re-appointment. The Company has received a certificate under Section 224(1B) regarding their eligibility for re-appointment as the Company's Auditors for the year 2009 - 10.

Industrial relations

Your Company believes in maintaining cordial industrial relationship with workers at all project sites. Your Company strives in augmenting and developing human assets. Besides regular employees and trainees, your Company has around 25 contractors employing around 1500 contract workmen at various projects.

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 and marked as Annexure I.

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

The Company is not an industrial undertaking in terms of Section 217(1) (e) of the Companies Act, 1956 read along with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for reporting requirement in relation to conservation of energy, technology absorption and adaptation. Accordingly, particulars regarding conservation of energy, technology absorption and adaptation have not been provided.

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

The information on foreign exchange earnings and outgo is contained in the note 12 of schedule 17 Notes on Account, forming part of the accounts. A separate list is also attached as Annexure II.

Subsidiaries

The Company has 75 subsidiaries as on 31st March 2009. The Company has been granted exemption by the Central Government vide their letter bearing number 47/509/2009-CL-III as per the 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 the following information for each subsidiary, “(a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investments (except in case of investment in subsidiaries) (f) turnover (g) profit (loss) before taxation (h) provision for taxation (i) profit (loss) after taxation and (j) proposed dividend” 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 companies are kept at the Company's Registered Office and also at the respective registered offices of the subsidiaries and shall be made available for inspection to the members/ investors of the Company or any subsidiary, seeking such information at any point of time.

Employee Stock Option Scheme

The Company has implemented Employee Stock Option Scheme for the benefit of employees of the Company and its subsidiaries and is being administered by the 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 ESOP scheme.

Management Discussion and Analysis Report

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

Corporate Governance

Report on Corporate Governance for the year under review, as stipulated under 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 the committed and dedicated services of the workers, staff and officers of the Company.

For and on behalf of the Board of Directors

G R K Reddy

Chairman & Managing Director

Place: Chennai

Date : 31st July 2009

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

MARG Limited is a premier Infrastructure, Construction and Real Estate Developer, with a reputation of delivering quality, craftsmanship and expertise.

The year 2008 – 09 was a challenge, especially because of the global economic meltdown. It impacted the Indian economy as a whole and the Real Estate and Infrastructure Sectors in particular. The estimated GDP growth for the year 2008-09 was 6.7% against an average growth rate of 9% in the previous years (Source-Budget document). The demand for Commercial and Residential Real Estate fell sharply across India. The demand, buoyant till the first half of the year 2008 – 09 had pushed up the Real Estate prices in cities to unsustainable levels. With the economic downturn and the consequent fall in demand for Commercial and Residential properties, the prices underwent correction.

Thankfully, the Indian growth story is still intact. The government has intervened at the right time to provide a much needed boost to the economy in the form of fiscal stimulus packages. There is renewed focus on the Infrastructure Sector, especially Rural and Urban Infrastructure, Roads and Power segments. With the economy showing signs of stabilising, the Commercial and Retail Segments of Real Estate is expected to pick up in the coming months. In the residential segment, focus is now shifting to the “Affordable Housing” segment which has huge potential demand across all micro-markets. All these, indicate the tremendous growth opportunities for the Infrastructure, Construction and Real Estate Sectors in the next few years.

Local demand, as against exports, will be the key driver for the growth in India in the next few years. The Infrastructure and Construction Industry will see major activity on account of focus by the government on these sectors. The Eleventh Plan will see a spend of more than USD 500 billion on Infrastructure, as per Planning Commission Reports. The Real Estate Markets would recover towards the end of the year and can attract investments of the order of USD 12.11 Billions over the next five years.

In spite of the difficult economic situation, MARG Limited put together another outstanding performance in the fiscal year 2008-09. The Company achieved a higher trajectory of growth with revenues and profits posting significant increases and continuous additions, with new Infrastructure and Real Estate Projects in the pipeline.

Business Verticals Overview, Business Segment Review and Outlook

This segment focuses on the Outlook of Business verticals. This portion along with the Business Overview and Business Segment Review provided elsewhere, forms part of the Management Discussion and Analysis Report.

EPC

Despite slowdown in the economy, developing countries still have vast infrastructure needs. India is not an exception and has to concentrate more on Infra developments - a fact acknowledged by the latest Budget. The Five Year Plan envisaged a quantum leap in allocating the infra development requirement with Public-Private-Participation and identified a total plan of over 5,00,000 Crores. The infrastructure activity is likely to centre on transport route developments like increasing the National Road Network, widening existing roads, and developing rural networks as well as on building new National Water-ways like Ports, Fishing Harbours, Ship Repair Facilities and of course, the Power Sector.

Meanwhile, MARG with the right mix of business verticals is ready to take full advantage of the new developments. A major reorganisation was initiated in order to focus more on core strength by each vertical. This is to group expertise in their respective core strength area in order to position MARG for faster growth. A new vertical Foundation India (what was earlier the in-house EPC – Engineering, Procurement and Construction horizontal) was formed to leverage MARG's over-a-decade experience in construction and offer it in the competitive market.

MARG has experience in Port construction, Dredging operations for the deepening of port, warehouse construction and facilitation arrangements apart from residential and commercial construction. Recently, it has reinforced its strength in laying roads and infrastructure developments in the SEZ project.

The expertise of MARG has been proved with the development of the Karaikal Port, when the Port's First Phase was completed in a short span of time. Now, EPC is concentrating on Phase II of the project, which is estimated to be around Rs.10,000 million. On the industrial cluster front, MARG EPC is working on Rs.2,000 million Infrastructure Development Project called MARG Swarnabhoomi. On the commercial development front, EPC is into MARG's Mall project which has an estimated value of about Rs.4000 Million.

MARG has participated in various tenders of the Government and Quasi Government. It has secured railway project orders and continues to participate in more such tenders. Soon MARG will explore the possibility of joint developments of Viaduct, Roads, Metro Rail Projects and National Waterways. MARG will also explore the possibility of entering into National Waterway Projects either directly or through Joint Ventures. Similarly, the Company will also participate either directly or through JVs, in the road sector where over 150,000 Km roads are undergoing facelifts with more lanes and over-bridges planned, to cater to the increased traffic.

MARG has developed Business & IT Parks, Malls and Residential buildings since inception and this experience will help it excel in this segment.

Port

Karaikal Port Private Limited, a Special Purpose Vehicle (SPV) of MARG Limited as per the terms of the Concession Agreement with the Government of Puducherry (GoP), successfully completed Phase 1 development of the Greenfield Port at Karaikal, by receiving the "First Project Vessel - MV Beluga Fanfare" on 15th April, 2009.

The First Vessel was received by Mr.M.S.Sundarajan, Chairman and Managing Director of Indian Bank and the berths were declared open by Mr.S.A.Bhatt, Chairman and Managing Director of Indian Overseas Bank. Since then, nearly 60 vessels have berthed at the Port upto August 2009.

We have received Expression of Interests (EoI) from a significant number of companies operating out of the Central Tamilnadu region expressing their interest in using the Karaikal Port. We are also in advanced stages of signing definitive agreements with many of these companies.

During the course of the Phase 1 development, a detailed techno-economic feasibility study of the market was conducted by an independent and renowned maritime consultant.

The study projected that the hinterland around Karaikal Port offers immense potential. In order to cash in on the existing/upcoming business opportunities, KPPL has already commenced the development of Phase 2A of the project. The development of Phase 2A is scheduled to be completed in 2011.

The total project cost for Phase 2A is envisaged to be Rs.15,000 million. The debt component of the project cost i.e. Rs.10,950 million has been funded by a consortium of banks. KPPL achieved the financial closure for Phase 2A on 14th May, 2009 with Indian Bank as the lead banker of the consortium. The other members of the consortium are Indian Overseas Bank, Central Bank of India, Allahabad Bank (also part of Phase 1 consortium), United Bank of India, Punjab National Bank and Syndicate Bank.

The balance of Rs.4,050 million is to be brought in as equity by MARG Limited and equity dilution to Private Equity Companies. The company has mandated one of India's renowned investment banker to scout for private equity partners.

Out of the Rs.10,950 million, Rs.239.3 million pertaining to the development of the Off Shore Supply Vessels' Berth is exclusively funded by Indian Bank.

On completion of Phase 2A, the Port will have a draft of 16.5 mts, which would enable the Port to handle Cape Sized Vessels. The Port would also feature Mechanised Cargo Handling Facility. The overall capacity of the Port will increase to 21 MTPA.

Power

The power supply position in our country, particularly in the southern states, remains critical even after the liberalised environment consequent to the Electricity Act 2003.

MV BELUGA FANFARE - FIRST PROJECT VESSEL



KARAIKAL PORT BEING DECLARED OPEN

Mr SA Bhat , CMD IOB inaugurating the Berth on April 15th 2009.
Mr. MS Sundara Rajan, CMD Indian Bank received the first project vessel.

Pondicherry Chief Minister Mr.Vaithilingam during a visit to the port.



The peak energy shortages in the country during 2008-09 period was 11% and 12% respectively. In view of this, MARG Ltd feels that setting up of its own Thermal Power Generating Units could benefit the Company in many ways. These units could serve to meet MARG's own power requirements at various projects and the balance could be exported to other customers.

MARG has already opened its all-weather Port at Karaikal in April 2009. Keeping this in view, MARG is contemplating to setting up a power generating station near Karaikal. Coal for the project could be delivered through the Karaikal port. Preliminary studies and site location activities are already underway.

MARG is also looking at the possibilities for non-conventional power generation, particularly in the solar area. The technology in solar power generation is evolving rapidly and we are constantly watching these developments and will enter when better grid parity for solar becomes a reality.

Industrial Cluster

New Chennai Township Private Limited (NCTPL), a wholly owned subsidiary of MARG Limited, is well poised to benefit from the thrust being given to the "export-led growth strategy" by developing two sector-specific special economic zones called 'MARG Swarnabhoomi'. The two SEZs are at Seekinakupam in Cheyyur Taluk of Kanchipuram District on about 612 acres of land. One SEZ is for the Light Engineering Sector, including Auto-Ancillary on about 311 acres and the other for Multi-Services is on about 301 acres. The project site is strategically located 75 kms from Tidel Park, Chennai and 60 kms before Puducherry on the East Coast Road.

The Company has successfully achieved financial closure for the project to the tune of Rs 4068 million through a consortium of Bankers with Indian Bank as the Lead Bank.

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.

The outlook for the growth of the Township and Industrial Clusters continues to be robust with well-defined policies and interventions both at the federal and state levels

The creation of "new townships" is a policy priority with the Government of India.

Our company's experience in the development of two Special Economic Zones in the industrial cluster format, will be utilized for further development of industrial clusters in Kodad (Andhra Pradesh), which is expected to be strategized as a cluster for the production and manufacturing of building materials like Cement, Steel, Natural Composites, Engineered Stones, Ceramic, Glass, Aluminium and Surface Coating.

Also leveraging on the development of the Karaikal Port (Puduchery) by our company is the planned Industrial Cluster which will include related facilities for the Port industry including Trade Services, Logistics and Repair besides creation of supportive Social, Commercial and Residential Infrastructure. This Industrial Cluster within the proximity of Karaikal Port will also serve towards the holistic and complete growth and development in a phased manner of the region.

Science Park

In its effort to stimulate and support a suitable environment to increase the dynamic and competitiveness of Research & Development in the Life Sciences sector, MARG is setting up a Science Park spread over 30 acres in its Multi-Services SEZ in MARG Swarnabhoomi.

The Park would be positioned as a "Knowledge Hub" by attracting major players from the Life Sciences Industry, which will in turn create a network of opportunities for the occupants of the Park.

The Park would house a world-class technology incubation centre and modern ready-to-use laboratories, suitable for all research activities of the Life Sciences Industry. Further, a Business Enterprise Zone is being created wherein these units can setup their own research facilities.

The Phase -I of the development would create 6.30 lakh sq.ft of ready to use laboratory & incubation space in the Science Park. High tech firms of similar characteristics and within the same value chain would be attracted to cluster together in the knowledge eco-system of the Science Park. The infrastructure at the Park would facilitate these firms to gradually emerge as a strong allied group that will be complementary to each other.

Real Estate Commercial

Riverside Mall: Having completed development of 7 lakh sq.ft of office space, MARG is moving into other segment of real estate development. One such project is the Riverside Mall, coming up on the Rajiv Gandhi Salai, 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 Area and Food Courts. The primary catchment areas of the Mall comprise Adyar, Besant Nagar, Velachery and Thiruvannamiyur. This project has been undertaken by Riverside Infrastructure (India) Private Limited, a wholly owned subsidiary of MARG Limited.

Work on the Riverside Mall is expected to continue with the Warm Shell being targeted for completion by Q4 of this Financial Year. Discussions with Anchor Tenants have already commenced and we are quite confident of signing with the Anchor Tenants, and the Multiplex Operators between Q3 and Q4 of this Financial Year. MARG is also in the process of finalising unique formats for the Entertainment Zones.

A large number of interested clients have been identified for the Vanilla Stores for which, signing will commence from Q3 onwards.

A global search was conducted for suitable Hotel Operators and is expected to conclude with the signing of an Operator Deal with one of the most well-known International Hotel Operators, during Q2 of this Financial Year.

Service Apartments: The Service Apartments Project has been re-structured with the change in Mix, the Apartment Size, and basic underline assumptions of the Project. The finishing touches of the re-structured Project are being completed, and work is expected to commence from Q4.

Real Estate Residential

2008-09 was a year of serious correction in Real Estate Prices. During the boom years, prices had risen at a pace not commensurate with the inherent value delivered to the customer. With the global meltdown, the Real Estate market went in for a correction. Consumers, therefore, chose a wait and watch policy, before committing to a purchase decision. The most adversely affected segments were the High End Segments.

Notwithstanding the above, Housing is a basic requirement for every individual and rapid urbanisation, rising household income coupled with diminishing household size, has spurred demand for residential spaces. In value terms, residential real estate forms about 75% of the 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 is 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.

With the increase in the number of first time buyers, and with the reduction in the average age of the buyer, affordability has become a major issue. Good quality flats with basic amenities, priced between Rs.1.5-3.5 million, are now more in demand by this target segment.

Urbanization and the increasing number of households are the primary contributors to the sharply increasing demand. 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 5 years, loan disbursements by housing finance companies have grown by 30-40 per cent annually.

The Government is promoting low cost homes to ensure that the 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.

Looking at the opportunity, MARG is actively looking to enter affordable housing in a major way.

Airport

The Bijapur Airport project was won by MARG Limited from the Government of Karnataka on a BOT basis for a period of 30 years and extendable for a further period of 30 years on mutual consent. A detailed traffic study was done and it is proposed to develop the airport in two phases, where the first phase would be planned to support the ATR72-500 aircraft with day time operation and in second phase expansion would be done to support the A320 type of aircraft, with operations during day and night time.

Airside infrastructure shall include the runway, terminal buildings, control tower, apron, hangers and a fuel farm. The Greenfield airport is being developed in an area of 727.04 acres encompassing the commercial developments like a Hotel, Pilot training institute, Aviation Engineering College, Gliding Club, and Cold Storage facility.

The Ground Breaking Ceremony was held on 7th Dec 2008, in the presence of the Honourable Chief Minister of Karnataka Mr. Yediyurappa. The project cost is estimated around Rs. 1500 million which will be spent during the construction period of 2 years.

Opportunities, Threats, Risks and Concerns

In a dynamic industry like Infrastructure and Real Estate, opportunities and risks are an inherent aspect of the business. The opportunities which the company is looking to harness are as mentioned below;

- 100% FDI permitted into Infrastructure projects in India.
- Huge untapped market potential in the “Affordable Housing” segment backed by lower interest rates for Housing loans up to Rs.20 lakhs.
- Rapid urbanisation driven by increased rail, road and air connectivity makes development in suburban areas and Tier II cities feasible.
- Government’s focus on the Infrastructure sector, especially Roads, Power, Ports, Rural and Urban Infrastructure.
- Inculcating internationally accepted standards in construction and infrastructure.
- Fast growing requirement for Industrial clusters.

The Company's business, results of operations and financial condition are affected by the number of risks, so the risk management function is of paramount importance and integral to the functioning of the company. The objective of the risk management strategy includes ensuring that critical risks are identified, monitored and managed effectively in order to protect the company's business. The company has formal reporting and control mechanism to ensure timely availability of information and facilitates proactive risk management. At the enterprise level, de-risking of the company's business risk is sought to be achieved, by a policy of undertaking diversified projects in different verticals, geographies and revenue models. All key functions and divisions are independently responsible for monitoring risk associated within their prospective areas of operations.

These are the following factors affecting infrastructure and real estate sectors;

- Low demand, over supply and the mismatch between demand and supply leading to depressed prices in both residential and commercial real estate.
- Delays in Government clearances, land acquisitions etc. pushing up the cost of infrastructure projects.
- Increase in prices of plant & machineries and insurance premium.
- Increased government borrowings crowding out private sector finances and increased interest rates.
- Change in laws and regulations having implications on the infrastructure and real estate industry.

Segmentwise/Productwise Performance

The Company presently has only one business segment as per the Accounting Standard on Segment Reporting (AS-17). The financial performance of the Company has been given in detail separately in the Directors' Report.

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 authorised, 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 to the Board improvement on the same.

Financial Performance with respect to Operational Performance

During the year, the Company scaled new heights and several new benchmarks in its financial performance in terms of sales, profits, net worth and assets. During the year under review, MARG achieved yet another milestone and the total income touched all time high of Rs.4,630 Million and profit after tax stood at Rs.409 Million.

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

Corporate Social Responsibility – Approach Towards Society

Corporate Social Responsibility is a concept with a growing currency around the globe. To MARG, it is a business imperative. The CSR arm, 'MARG Parivarthan', helps the company usher a 'Chain of Change' in four directions, education, health, nutrition and the environment. Inclusive living is a part of the MARG DNA.

We see CSR as our way of integrating the economic, social, and environmental imperatives of our activities. To us, CSR closely resembles the business pursuit of sustainable development and the triple bottom line.

Employee Wellness

MARG believes that the best of human potential can be maintained by work life balance. MARG considers its employees as partners and endeavours to make them realise their potential to develop themselves, as well as the Company. MARG introduced the assessment centre and 16 PF for assessing the soft skills and attitude of candidates as well as employees and this is used as a development tool, coupled with 360 degree feedback to senior level employees. MARG as a family engages its employees in various social activities and festivals.

Human Resource Development

At MARG, each employee is encouraged to think ahead and plan the future of the nation along with MARG Vision.

MARG recognises the potential in each employee and it endeavours to capitalise on their potential by providing the right opportunity to grow within the organisation and has devised innovative rewards and recognition programmes. It also provides suitable regular in-house and external training, including sponsorship for Professional Courses.

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

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

Our Company celebrated Deepavali, Christmas, New Year, and Pongal. All these festivals were marked by grand get-togethers of the family members of staff along with various activities. These festivities are concluded with a grand feast. Besides, the Company also organizes monthly celebration of employees' birthdays and marriages.

The Company has also implemented the Employee Stock Option Scheme. ESOP are 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 2008-09 witnessed a growth in the number of employees within the organisation. Currently, MARG employs more than 500 full-time staff. Besides recruiting from rural engineering colleges and Management schools, we have also recruited candidates from premium institutes like NICMAR, IIM, GLIM and NLS.

Branding

We believe that the strength of our brand is what will differentiate us from others. To us, our brand is the primary source of our competitive advantage and a valuable strategic asset. All our efforts in building our brand is to create that distinct advantage. This has helped us transit into one of India's fastest growing infrastructure companies in a short span of time.

Brand, "MARG" is today greater than a set of attributes that can be imitated or surpassed. In many ways, the strength of our brand has helped us to attract some of the best talents. It reflects our culture and core values.

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 publicly 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 is committed to the highest standards of Corporate Governance Practices and to attain the highest levels of transparency, accountability and equity in all its area of operations to enhance the value of Stakeholders namely, Shareholders, Employees, Lenders, Customers and the Government(s).

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

2. Board of Directors

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

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

Sl No.	Name(s) of Director(s)	Executive / Non-executive / Independent	Number of Directorship in other Public Companies*		Number of Committee positions in other Public Companies**	
			Member	Chairman/ Chairperson	Member	Chairman/ Chairperson
1	Mr. G R K Reddy	PD/ ED	8	1	1	2
2	Mr. G Raghava Reddy	PD/ NED	5	Nil	Nil	Nil
3	Mrs. V P Rajini Reddy	PD/ NED	12	Nil	2	1
4	Mr. P M Shivaraman***	NED/ ID	6	Nil	3	Nil
5	Mr. Arun Kumar Gurtu	NED/ ID	Nil	Nil	Nil	Nil
6	Mr. Karanjit Singh Jasuja	NED/ ID	Nil	Nil	Nil	Nil
7	Mr. Saibaba Vutukuri	NED/ ID	Nil	Nil	Nil	Nil

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

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

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

***Resigned from the Board on 30th June 2009.

Directors' Profile

Brief Resume of all the Directors are given below;

Mr. G R K Reddy, Chairman & Managing Director (Executive) aged 49 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 42 years, is a B. Tech with over 10 years of experience in the areas of Investment Consultancy and Capital Market Operations. She has over 8 years of 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 the technology inflow to the Company.

Mr. G Raghava Reddy, Director (Non-Executive) aged 77 years, is a B.E MIE, with over 41 years of experience in Infrastructure and Construction Industry having worked for Nagarjuna Sagar Dam Diversion Tunnel, Nagarjuna Sagar Dam Right Canal at Gundlakamma River, Krishna Delta Regulation System, Godavari Barrage, Water Supply Canal to Visakapatnam Steel Plant, Spillway works for Yellashwaram Reservoir and Multistorey Commercial and Residential Complex in Vijayawada. He has been pallet guiding for MARG Limited.

Mr. P M Shivaraman, Director (Non-Executive, Independent) aged 54 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 28 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 66 years is a Fellow Member of Institute of Chartered Accountants of India. He possesses 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 14 years, he has been working in Constructions and Real Estate Industry. He has handled various projects from conception stage to commissioning stage.

Mr. Karan Jit Singh Jasuja, Director (Non-Executive, Independent) aged 48 years is a Fellow Member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He has been authoring articles and delivering lectures on various professional topics. He is carrying on his practice as a Chartered Accountant. He has been advisor to all kind of corporate issues and is an expert on taxation and finance.

Mr. Saibaba Vutukuri, Director (Non-Executive, Independent) aged 45 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 organizations both within and outside India. During his journey so far, he was associated with various organizations 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.

Attendance of Directors at the Board Meetings and Annual General Meeting.

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

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

During the financial year 2008 - 09, SIX meetings of Board of Directors were held on 18th June 2008, 29th July 2008, 25th September 2008, 31st October 2008, 12th December 2008 and 29th January 2009.

*Resigned from the Board on 30th June 2009.

3. Committee of Directors

Board had constituted several committees, statutory and non statutory. Whereas the statutory committees are Audit Committee, Remuneration Committee, Shareholders'/ Investor Grievance Committee and Compensation Committee, remaining committees are non statutory. These non statutory Committees have been constituted to deal with specific matters and have been delegated powers for different functional areas.

Presently, SEVEN Committees are functional in total. Following are the Committees;

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

I. Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement, Board has constituted an Audit Committee. Presently, the Committee comprises of THREE Non-Executive Directors out of which TWO Directors are Independent. All the members of the Committee are financially literate and Mr. Arun Kumar Gurtu and Mr. Karan Jit Singh Jasuja have accounting expertise. Mr. Arun Kumar Gurtu, Director is the Chairman of the Committee.

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

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

During the financial year 2008 – 09, FIVE meetings of Audit Committee were held on 21st May 2008, 16th June 2008, 28th July 2008, 31st October 2008 and 29th January 2009.

*Resigned from the Board on 30th June 2009.

Terms of reference

Following are the main terms of reference given by the 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) Directors' Responsibility Statement in terms of section 217 (2AA) of the Companies Act, 1956.
 - vii) Major accounting entries involving estimates based on the exercise of judgment by the management.
 - viii) Disclosure of any related party transactions.
 - ix) Qualifications in the Draft Audit Report.
- b) To recommend to the Board the appointment, re-appointment and if required, the replacement or removal of statutory auditors and fixing of audit fees.
- c) To approve payment to statutory auditors for audit or other services rendered by them.
- d) To discuss with the statutory auditors 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

Pursuant to the provisions of Clause 49 of the Listing Agreement, Board has constituted Remuneration Committee. The Remuneration Committee presently consists of THREE Non-Executive Directors out of which TWO are Independent Directors. 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 Whole Time Directors and Managing Director are approved by the shareholders of the Company.

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

Sl. No.	Name(s) of Director (s)	Category/ Status	Meetings Held	Meetings Attended
1	Mr. Arun Kumar Gurtu	NED/ID/ Chairman	1	1
2	Mr. G Raghava Reddy	NED/PD/Member	1	1
3	Mr. P M Shivaraman*	NED/ID/Member	1	1
4	Mr. Karan Jit Singh Jasuja	NED/ID/Member	1	1

During the financial year 2008 – 09, ONE meeting was held on 29th July 2008.

*Resigned from the Board on 30th June 2009.

Terms of reference

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

- (a) To decide on the remuneration policy of the managerial personnel.
- (b) To approve the appointment / re-appointment 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 Expense 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 provides very competitive salary in accordance with the industry standard.

Remuneration 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.

Remuneration to Executive Director

Mr. G R K Reddy has been appointed as Managing Director for five years w.e.f. 1st April 2007. As per the contract entered with him, he has been paid fixed salary of Rs.60 Lacs, HRA of Rs.36 Lacs and other benefits, per annum, as per Company's rules. No stock option has been granted to him.

The shareholders in their Annual General Meeting held on 25th September 2008 have authorised the Board to fix the commission payable to the Managing Director on recommendation of the Remuneration Committee.

Considering the overall economic situation prevalent and to conserve the cash, the remuneration committee has recommended the commission payable to the Managing Director and the same has been duly approved by the Board. An amount of Rs.60 Lacs has been paid to Mr. G R K Reddy as commission, which is the same amount as paid last year.

The remuneration paid to the Managing Director consists of fixed salary, HRA and other benefits, Commission on net profit and perquisites. The Leave Travel Allowance, Provident Fund and Superannuation are provided as per the Company's rules and policies. No sitting fee is paid to the Managing Director. As per the terms of appointment, the service contract is for a period of five years. There is no agreed notice period in the contract entered into with the Managing Director and there is no severance fee.

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

Name of Director	Salary including HRA	Other Benefit	Commission / Bonus / Incentives	Total
Mr. G R K Reddy	96	7.20	60	163.20

Shareholding of Directors

Details of Shares of the Company held by the Directors as on 31st March 2009 are as follows;

Name(s) of Director(s)	Number of Shares
Mr. G R K Reddy	3,735,000
Mrs. V P Rajini Reddy	950,000
Mr. G Raghava Reddy	1,100,000

None of the other Non-Executive Directors hold any share of the Company.

III. Shareholders'/ Investors' Grievance Committee

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

Presently, the Committee consists of THREE Non-Executive Directors out of which TWO are Independent Directors. The Committee has delegated the authority for share transfers to the Managing Director so that it can be taken up at regular interval. The Committee

oversees performance of Registrars and Transfer Agent of the Company and recommends measures for overall improvements in the quality of investor services.

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

Sl. No.	Name(s) of Director(s)	Category/ Status	Meetings Held	Meetings Attended
1	Mr. G Raghava Reddy	NED/PD/ Chairman	3	3
2	Mr. Arun Kumar Gurtu	NED/ID/ Member	3	2
3	Mr. P M Shivaraman*	NED/ID/ Member	3	3
4	Mr. Karan Jit Singh Jasuja	NED/ID/ Member	3	3

During the year THREE meetings have been held on 28th July 2008, 1st November 2008 and 29th January 2009.

*Resigned from the Board on 30th June 2009.

Compliance Officer

Mr. Gouri Shankar Mishra, Company Secretary of the Company has been appointed as Compliance Officer and is responsible for the Compliance. Further, the Company Secretary has been authorised to deal with all correspondence and complaints from the investors.

Investors' Grievance Redressal

During the year, total 12 complaints were received. All the complaints have been resolved to the satisfaction of shareholders. There were no outstanding complaints as on 31st March 2009.

IV. Compensation Committee

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

V. Banking and Legal Matters Committee

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

VI. Allotment Committee

The Committee was constituted for the purpose of allotment of Equity Shares and for allotment of convertible instruments and allotment of Equity Share

on their conversion as may be delegated from time to time by the Board. The Committee consisted of ONE Executive and THREE Non- Executive Directors out of which TWO are Independent Directors.

VII. Business Review Committee

The Committee presently consists of THREE Non-Executive Directors out of which TWO are Independent Directors. The Committee reviews the progress of the projects including the financial aspect.

4. Subsidiaries

The Company has 75 Subsidiary Companies as on 31st March 2009. All subsidiaries other than M/s.Signa Infrastructure India Limited and M/s.MARG Swarnabhoomi Port Private Limited are wholly owned subsidiaries. The Company holds 74 % of the Equity Shares in M/s.Signa Infrastructure India Limited and 90% of the Equity Shares of M/s .MARG Swarnabhoomi Port Private Limited.

5. General Body Meeting

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

Year	Date	Time	Venue	No. of Special Resolution passed
2007-08	25.09.2008	2:00 P.M.	Hotel Fortune Select Palms No.142, Rajiv Gandhi Salai Thoraipakkam Chennai-96.	3
2006-07	25.09.2007	4:00 P.M.	Hotel Maathus No.7, East Coast Road Kottivakkam Chennai-41.	8
2005-06	30.09.2006	4:00 P.M.	Hotel Maathus No.7, East Coast Road Kottivakkam Chennai-41.	6

6. Postal Ballot

During the year 2008-09, one Ordinary Resolution was passed through postal ballot by the shareholders for sale, transfer or otherwise dispose of Cutter Suction Dredger and allied machineries of the Company under section 293(1)(a) of the Companies Act, 1956.

Mr. K V Srinivasan, 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 the report of the Scrutinizer to the Chairman, following is the detail of voting pattern;

Particulars		No. of Postal Ballot Forms	No. of shares	Vote %
A	Total postal ballot forms received	162	10,675,128	-
B	Less: Invalid Postal Ballot Forms	1	5	-
C	Less: Rejections	14	0	-
D	Net valid postal ballot forms (as per register)	147	10,675,123	-
E	Postal ballot forms with assent for the Resolution	140	10,673,130	99.98%
F	Postal ballot forms with dissent to the Resolution	7	1,993	0.02%

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 and explanatory statements along with prepaid business reply envelope are 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 receipts subsequent to the specified date are treated as not having been received.

All the postal ballots received back are handed over to the Scrutinizer. The Scrutinizer shall maintain a register to record the consent or otherwise received, providing the particulars of name, address, folio number, number of shares, nominal value of shares, etc. The Scrutinizer also maintains a record for postal ballots 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 the Postal Ballot in two newspapers, one in English and one in local vernacular language.

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

7. Disclosures

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

II. Company has complied with all the requirements of the Listing Agreement entered into with Stock Exchanges as well as regulation and guidelines of SEBI. There has been no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any other 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 requirements and non-mandatory requirements of Corporate Governance as provided under Clause 49 of the Listing Agreement.

The Disclosure relating to the compliance has been provided separately in this report. The Company has obtained a certificate from its auditors regarding compliance of conditions of Corporate Governance and the certificate is annexed to the Directors' Report of the Company which are sent to the share holders and Stock Exchanges.

8. Means of Communication

I. The un-audited Financial Results on quarterly basis along with the 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 the Meeting.

The un-audited Financial Results along with the Limited Review Report by the Auditors are first placed before the Audit Committee. The same along with recommendation of the Committee are forwarded to the Board of Directors for their consideration.

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

III. The quarterly results, shareholding pattern and other mandatory information are available at the website of the 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 the 14th Annual General Meeting

Date and Time: 29th September 2009 at 3:00 PM
Venue: Hotel Fortune Select Palms, No.142, Rajiv Gandhi Salai, Thoraipakkam, Chennai-600 096.

II. Financial Year

The financial year of the Company each year starts with 1st April and ends with 31st March. The financial year 2008-09 started on 1st April 2008 and ended on 31st March 2009. The Current Financial Year, 2009-10 started on 1st April 2009 and would end on 31st March 2010.

The following is the detail on the Financial Calendar (Tentative) and the date on which the result to be published thereon;

Financial Calendar (Tentative)		Result to be published by
First Quarter	30 th June 2009	31 st July 2009
Second Quarter	30 th Sep 2009	31 st Oct 2009
Third Quarter	31 st Dec 2009	31 st Jan 2010
Fourth Quarter	31 st Mar 2010	30 th June 2010

III. Date of Book Closure

The Register of Member and Share Transfer Books shall be closed for a period of nine days starting from Monday, 21st September 2009 to Tuesday, 29th September 2009 (Inclusive of Both Days).

IV. Dividend Payment Date

Dividend if declared shall be paid on or after 30th September 2009.

V. Listing on Stock Exchanges

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/Symbol

- i) Bombay Stock Exchange Limited Stock Code: 530543 (For Equity Shares of the Company)
- ii) Madras Stock Exchange Limited Stock Code: MARGCONST (For Equity Shares of the Company)
- iii) Luxembourg Stock Exchange Stock Code: US56656Q1013 (For GDRs issued by the Company)
- iv) DEMAT ISIN in NSDL and CDSL for equity shares is INE941E01019

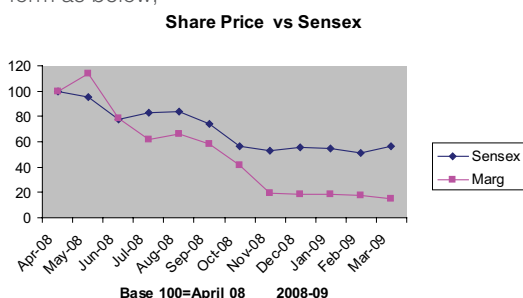
VII. Market Price Data

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

Year	Month	High(Rs.)	Low(Rs.)	Monthly Volume
2008	April	295.10	203.15	1,911,734
2008	May	314.25	224.50	570,665
2008	June	228.00	152.65	312,216
2008	July	185.00	124.54	1,172,432
2008	August	180.05	138.50	164,017
2008	September	161.00	117.00	590,088
2008	October	144.90	61.30	711,639
2008	November	72.05	31.05	1,002,833
2008	December	61.35	28.85	2,792,988
2009	January	62.20	34.20	1,207,340
2009	February	51.75	38.00	432,800
2009	March	46.20	31.50	2,022,492

VIII. Performance vis a vis BSE Sensex

The Share Price of Equity Shares of the Company has vis a vis Sensex has been provided in graphic form as below;



IX. Registrar and Share Transfer Agent

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

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

X. Share Transfer System

Shares representing 98.55% of total capital are in electronic form. Transfers of these shares are done through the depositories. As regards transfer of shares in physical forms, the transfer documents can be lodged with M/s.Cameo Corporate Services Limited at the above address. The physical transfers are normally processed within 7-10 days from the date of receipt of documents complete in all respects.

XI. Share holding as on 31st March 2009

(a) Distribution of shareholding as on 31st March 2009

No. of Shares Held	No. of Share Holders	% of Total Share Holders	Total Shares Held in the Category	% of Shareholding
Upto 500	11,677	89.98	1,218,735	4.76
501 to 1000	710	5.47	594,112	2.32
1001 to 2000	253	1.95	386,369	1.51
2001 to 3000	101	0.78	260,293	1.02
3001 to 4000	38	0.29	137,985	0.54
4001 to 5000	39	0.30	188,798	0.74
5001 to 10000	71	0.55	561,825	2.19
10001 & above	88	0.68	22,260,264	86.92
Total	12,977	100.00	25,608,381	100.00

(b) Categories of Shareholding as on 31st March 2009

	Category	No. of Shares Held	Percentage of Shareholding
A	Promoter's Holding		
1	Promoters along with PAC	12,650,000	49.40%
	Sub Total	12,650,000	49.40%
B	Non Promoters' Holding	-	-
1	Mutual funds/FIs/Banks	25,000	0.10%
2	FIs	3,961,845	15.47%
3	Body Corporates	3,042,139	11.88%
4	NRI/FCB	1,695,028	6.62%
5	Indian Public (Individuals/HUF)	3,824,898	14.93%
6	Others-(Clearing Members)	31,471	0.12%
7	Shares represented by GDRs	378,000	1.48%
	Sub Total	12,958,381	50.60%
	Grand Total	25,608,381	100.00%

XII. Dematerialization of Equity Shares and Liquidity

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

Authorized Capital of Rs.500,000,000 comprising of 50,000,000 equity shares of Rs.10 each. Paid up Capital of the Company as on 31st March 2009 is Rs.256,083,810 comprising of 25,608,381 Equity Shares of Rs.10 each. Out of the above shares, 372,103 Equity Shares representing 1.45 % are held physically and balance 25,236,278 Equity Shares representing 98.55% is held in dematerialised form. The Company's Equity Shares are highly liquid since the shares are frequently traded.

XIII. Outstanding GDR / FCCB / Warrants

There are no outstanding convertible instruments pending for conversion as on 31st March 2009 other than GDR.

The Company, in terms of the issue of GDR, has allotted 2,703,000 Equity Shares to Bank of New York, the Custodian against the GDR listed at Luxembourg Stock Exchange. Each GDR is represented by two equity shares. As on 31st March 2009, depositories are still holding 378,000 shares in their name. Since the underlying equity shares have already been allotted, it would not result in any further shares on conversion.

XIV. Plant Location

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

XV. Address for Correspondence

The Registered Office of the Company is situated at the following address. Further, all correspondence with the Company can be done through the address given below;

The Company Secretary
MARG Limited
Marg Axis, No. 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 Share Transfer Agent at the following address;

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

XVI. Non Mandatory Requirements

1. The Board
No separate Chairman's office is maintained since the Chairman is Executive.
2. Remuneration Committee
Details regarding the Committee have 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 having a wide circulation and in Tamil newspaper having a wide circulation in Tamilnadu respectively. Company has circulated half yearly information to the shareholders containing progress of the project and financial information.

4. Audit Qualifications

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

5. Training of Board Members

The Company's Board of Directors consists of professionals with expertise in their respective field and industry. They endeavor to keep themselves updated with the changes in global economy and legislation. They attend various workshops 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 their contribution at the Board and Committee Meetings.

7. Whistle Blower Policy

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

10. Other Corporate Governance Complaine

Insider Trading

Pursuant to the 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 the Directors of the Company comply with the Insider Trading Regulations framed by the Company. None of the employee/ director has contravened the regulations during the year.

Secretarial Audit

Secretarial Audit as required in terms of Circular No. D&CC/FITTC/CIR – 16/2002 dated 30th June 2002 is being done by a Practicing Company Secretary on a quarterly basis for reconciling total admitted capital with NSDL and CDSL and total issued and listed capital. The Company has obtained Secretarial Audit Reports for all the four quarters during the

year ended 31st March 2009 and the same have been forwarded to the Stock Exchanges. The audit confirms that the total issued/ paid up Capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Code of Conduct

The Board of MARG Limited has laid down a Code of Conduct for all the Board Members and the Senior Management Personnel. All the Board Members and Senior Management Personnel comply to the Code of Conduct. The Code of Conduct has been posted on the Company's web site (www.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 Clause 49 of the Listing Agreement, a certificate, duly signed by Mr. G. R. K. Reddy, Managing Director and Mr. B. Bhushan, Executive Director & Chief Financial Officer of the Company, was placed at the meeting of the Board of Directors held on 30th June 2009.

Report on Corporate Governance

As required under Clause 49 of the Listing Agreement, this section forms part of Annual Report relating to Corporate Governance containing detailed compliance report on Corporate Governance for both mandatory and non-mandatory requirements as provided in Annexure- I C and Annexure – I D to the Listing Agreement.

The Company also submits a quarterly compliance report to the Stock Exchanges within 15 days from the close of every quarter as per the format provided in Annexure I B to the Listing Agreement.

Report on Compliance

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

DECLARATION REGARDING COMPLIANCE BY THE 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.

The Company has in respect of the financial year ended 31st March 2009 received from the Senior Management Personnel of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Personnel means Chief Executive Officer, Chief Financial Officer, Company Secretary, Functional Heads and Employees in the General Manager Cadre and above as on 31st March 2009.

For **MARG Limited**

G R K Reddy

Chairman and Managing Director.

Place : Chennai

Date : 31st July 2009

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-Jul-97	15,600,000	M. Com	22	Marg Holdings and Financial Services Ltd
2	B Bhushan	55	Executive Director & Chief Financial Officer	19-Aug-05	2,688,000	B.Com., LL.B., M.B.A	36	Consultant
3	B G Menon	51	Executive Director	01-Jun-06	7,082,534	B.Tech., PGDBM	27	Mahindra World City Developers Limited
4	M Abdul Haqueem	53	Chief Compliance Officer	07-Jun-06	3,188,417	B.Sc., CAIIB	31	Ing Vyasya Bank Ltd
5	M Venkateswaralu	46	Head - Projects	21-Jun-07	3,657,886	B.Tech	22	Swaruba Engineering Construction Company Pvt Ltd
6	K M Narayana Rao	57	General Manager - Land Bank	11-Jul-07	2,948,928	B.Sc., M.Sc., CAIIB	39	Orchid Designs Pvt Ltd
7	Sudhir N Shenoy	41	Senior General Manager-Corporate Accounts & IT	15-Nov-06	2,611,812	B.Com., C.A., ICWA, CISA	15	Hazira LNG Pvt 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 Sivaraman	42	Assistant Vice President - Legal	05-Jun-08	2,753,340	M.A., LL.B., M.L., PGDPR	20	Sterling Infotech Group
2	Subramaniam Sankaranarayanan	46	Head - Corporate Communication	01-Sep-08	1,922,410	B.Sc., M.B.A	21	Showspace Solutions
3	K M Ravikumar	54	Senior Vice President - HR	27-Nov-08	1,499,999	B.Sc., M.B.A	26	Suzlan Energy Ltd
4	S Ramakrishnan	43	Chief Executive Officer - Real Estate	07-Apr-08	3,435,000	B.Com., C.A.,	17	IBM Daksh
5	N Suresh	41	Senior Vice President - Ship Building	21-Jan-09	1,050,000	B.Tech	13	BGR Energy
6	V Vasani	46	Head - Corporate Affairs	04-Feb-08	2,200,000	BA., MBA	19	Rakindo Developers Pvt Ltd
7	Avalli Srinivasan	60	Director - Real Estate	11-Feb-08	767,200	B.Com., ACS, BLL	40	Juniper Hotels Pvt Ltd
8	Bharathi Ponde	41	Vice President - Corporate Finance	17-Nov-07	1,370,000	B.Com., ACA., Grad CWA	16	Systematix Corporate Services Ltd
9	T P Anand	46	Head - Strategic Planning	06-Dec-07	1,600,000	B.Com., FCA	22	Koohiji Group - Dubai
10	P Ramakrishna Rao	46	Chief Technical Officer	16-Apr-07	327,870	B.E.,	24	Salapura Properties Pvt Ltd
11	S Krishnamurthy	62	Chief Executive Officer - Power Projects	20-Aug-08	2,400,000	B.Sc	28	NTPC Ltd
12	Oscar Braganza	57	Executive Director - Real Estate	01-Sep-08	3,519,690	B.Tech.,	36	RPG Group
13	G S Reddy	49	Project Director	10-Feb-05	1,479,114	B.E.,	27	Projects and Development Pvt Ltd
14	S Sampath Kumar	52	Vice President - Corporate Finance	14-Jul-08	2,463,552	B.Com., CA., ICWA., ACS	28	Sujana Group

Notes:-

- All employment are contractual.
- 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 are related to any Director of the Company.
- Remuneration comprises Salaries, Allowances, Bonus, Commission, Medical Benefits, Leave Travel Assistance, Gratuity and Contribution to Provident Fund & Perquisites valued as per Income Tax Rules.
- Except Mr G R K Reddy, none of the employees own more than 2% of the outstanding shares of the Company as on 31st March 2009.

Annexure II

Description of Account:-Foreign Currency Transactions

(Rs in Crores)

	Particulars	2008-09	2007-08
a	Value of Imports Calculated on CIF Basis		
	i. Components, Embedded goods and spare-parts	5.52	0.09
	ii. Capital goods	-	47.74
b	Expenditure in Foreign Currencies		
	i. Travelling Expenses	0.18	0.35
	ii. FCCB Conversion & Listing Fee	-	0.11
	iii. Technical /Professional & Conference Expenses	0.49	0.31
	iv. Business Promotion & Trade Fair Expenses	-	0.06
	Total	6.19	48.66

Annexure III

Statement as on 31st March 2009, 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	Remarks														
A	Options granted	236,341 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	32,597														
D	Options exercised	Nil														
E	Total number of Ordinary Shares arising as a result of exercise of Options	Nil														
F	Options lapsed	127,686														
G	Variation of terms of Options	Nil														
H	Money realized by exercise of Options	Nil														
I	Total number of Options in force	108,655														
J	Details of Options granted to	N.A.														
	i) Senior Managerial Personnel	-														
	ii) 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.	-														
	iii) 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.	-														
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.' (on standalone financial statements)	15.94														
L	i) Method of calculation of employee compensation cost	Intrinsic Value														
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options.	If the Company had used fair value of options, the calculation of employee cost would have increased by Rs. 0.25 crores.														
	iii) The impact of this difference on Profits and on EPS of the Company. (on standalone financial statements)	The effect of adopting the fair value method on the net income and earnings per share is presented below; (Rs.in Crores)														
		<table border="1"> <tr> <td>Net income as reported</td> <td>40.89</td> </tr> <tr> <td>Add: Intrinsic Value Compensation Cost</td> <td>0.35</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (Black Scholes Model)</td> <td>0.60</td> </tr> <tr> <td>Adjusted Net Income</td> <td>40.64</td> </tr> <tr> <td>Earning per share</td> <td>Basic (Rs.) Diluted (Rs.)</td> </tr> <tr> <td>As reported</td> <td>15.97 15.94</td> </tr> <tr> <td>As adjusted</td> <td>15.87 15.84</td> </tr> </table>	Net income as reported	40.89	Add: Intrinsic Value Compensation Cost	0.35	Less: Fair Value Compensation Cost (Black Scholes Model)	0.60	Adjusted Net Income	40.64	Earning per share	Basic (Rs.) Diluted (Rs.)	As reported	15.97 15.94	As adjusted	15.87 15.84
Net income as reported	40.89															
Add: Intrinsic Value Compensation Cost	0.35															
Less: Fair Value Compensation Cost (Black Scholes Model)	0.60															
Adjusted Net Income	40.64															
Earning per share	Basic (Rs.) Diluted (Rs.)															
As reported	15.97 15.94															
As adjusted	15.87 15.84															
M	Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.	NA														
N	A description of the method and significant assumption used during the year to estimate the fair values of Options	The fair value of each option estimated using the Black Scholes Options Pricing Model after applying the following key assumptions.														
	i)	Risk free interest rate NA														
	ii)	Expected life NA														
	iii)	Expected volatility NA														
	iv)	Expected dividend NA														
	v)	The price of the underlying shares in market at the time of option grant NA														

Annexure IV

Auditors' Certificate on Corporate Governance

To

The Members of **MARG Limited**

1. We have examined the compliance of conditions of Corporate Governance by MARG Limited (the Company) for the year ended 31st March 2009, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that no investor grievances are pending for a period exceeding one month against the Company as on 31st March 2009 as per the records maintained by the Shareholders / Investors Grievances Committee of the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009





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 2009 and the annexed Profit & Loss Account and Cash Flow Statement for the year ended 31st March 2009. 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.
 - i. in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009;
 - ii. in the case of Profit and Loss Account of the Profit for the year ended 31st March 2009; and
 - iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended 31st March 2009.
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 2009 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 2009;
 - ii. in the case of Profit and Loss Account of the Profit for the year ended 31st March 2009; and
 - iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended 31st March 2009.

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

R M V BALAJI
Partner
Membership No. 27476

Place: Chennai
Date : 30th June 2009

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 a portion of 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 discrepancies noticed on verification between physical stocks and book stocks were not material.
3. (i) The Company has granted unsecured loans to Subsidiary companies covered in the register maintained under section 301 of the Companies Act. The maximum amount involved during the year was Rs.387.89 Crores and the year end balance of loans granted to such companies was Rs.234.29 Crores.
(ii) According to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given are not, prima facie, prejudicial to the interest of the Company.
(iii) The principal amount of the loan along with interest in respect of loan granted to the Subsidiary Companies is repayable on call. The Subsidiaries have made repayments during the year as and when calls were made by the Company.
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 2009, for a period of more than six months from the date they became payable.
- c) According to the records of the Company and the information and explanation given to us, the dues of Income Tax/Sales Tax Customs Duty/Cess, which have not been deposited on account of any dispute, are as follows.

Income Tax Dues

Tax on Income

Asst. Year	Department Demand	Amount paid under protest	Forum where Dispute is pending
2001-02	16,785,003	16,879,719	Madras High Court
2002-03	8,926,848	9,659,367	CIT

TDS

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

Sales Tax

Financial Year	Department Demand	Amount paid under protest	Forum where Dispute is pending
2004-05	150,972	-	AC, Sales Tax
2005-06	469,014	-	AC, Sales Tax
2006-07	1,123,972	-	AC, Sales Tax

Service Tax

Financial Year	Department Demand	Amount paid under protest	Forum where Dispute is pending
2006-07	1,932,191	-	JC, Service Tax
2007-08	24,171	-	JC, Service Tax

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 980.30 Crores for loans raised by others from Banks.
16. In our opinion and according to information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations and on an overall examination of the Balance Sheet of the Company we report that no funds raised on short-term basis have been used for Long Term investment. No long-term funds have been used to finance short-term assets.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained U/s 301 of the Act during the period.
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 was noticed or reported during the year.

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

Balance Sheet

(Rs. in Crores)

PARTICULARS	Schedule	As At 31-Mar-09	As At 31-Mar-08
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	25.61	25.61
Reserves & Surplus	2	319.40	285.83
LOAN FUNDS			
Secured Loans	3	373.74	176.84
Unsecured Loans	4	-	5.00
DEFERRED TAX LIABILITY (NET)	5	6.17	3.49
		724.92	496.77
APPLICATION OF FUNDS			
FIXED ASSETS	6		
Gross Block		133.57	119.40
Less : Depreciation		14.28	7.89
Net Block		119.29	111.51
INVESTMENTS	7	241.46	152.85
CURRENT ASSETS, LOANS & ADVANCES	8		
Inventories		42.04	26.88
Sundry Debtors		118.97	92.49
Cash & Bank Balances		27.89	11.49
Loans & Advances		417.94	286.92
		606.84	417.78
LESS : CURRENT LIABILITIES & PROVISIONS	9		
Current Liabilities		212.63	159.08
Lease Deposits/ Rental Advances		4.18	4.18
Provisions		25.86	22.11
		242.67	185.37
NET CURRENT ASSETS		364.17	232.41
		724.92	496.77
NOTES ON ACCOUNTS	17		

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

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
Directors

B BHUSHAN
ED & CFO

GOURI SHANKER MISHRA
Company Secretary

Profit & Loss Account

(Rs. in Crores)

PARTICULARS	Schedule	Year Ended 31-Mar-09	Year Ended 31-Mar-08
INCOME			
Income from Operations	10	462.99	242.75
Other Income	11	0.18	35.65
		463.17	278.40
EXPENDITURE			
Cost of Projects/Other Operating Expenses	12	349.05	166.46
Personnel Expenses	13	12.72	9.44
Administrative Expenses	14	18.40	10.66
		380.17	186.56
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		83.00	91.84
Depreciation	6	6.44	3.18
PROFIT BEFORE INTEREST & TAX		76.56	88.66
Interest & Finance Charges	15	13.63	5.13
PROFIT BEFORE TAX		62.93	83.53
TAX EXPENSE			
Current		19.00	14.40
Taxes - Prior Period		0.19	-
Deferred	16	2.67	1.53
Fringe Benefit Tax		0.17	0.16
PROFIT AFTER TAX		40.90	67.44
Balance brought forward from Previous Year		90.24	35.80
AMOUNT AVAILABLE FOR APPROPRIATION		131.14	103.24
APPROPRIATIONS			
Proposed Dividend		5.12	5.12
Dividend Tax		0.87	0.87
General Reserve		5.00	7.01
Balance carried to Balance Sheet		120.15	90.24
		131.14	103.24
EARNINGS PER SHARE			
Basic		15.97	31.88
Diluted		15.94	31.76
NOTES ON ACCOUNTS	17		

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

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
Directors

B BHUSHAN
ED & CFO

GOURI SHANKER MISHRA
Company Secretary

Schedules Forming Part of Accounts

(Rs. in Crores)

PARTICULARS	As At 31-Mar-09	As At 31-Mar-08
SCHEDULE 1 SHARE CAPITAL		
Authorised Capital		
50,000,000 Equity Shares of Rs.10 each	50.00	50.00
(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	25.61	25.61
(Previous year 25,608,381 Equity Shares of Rs.10 each)		
	25.61	25.61

SCHEDULE 2 RESERVES & SURPLUS		
Securities Premium Account	185.59	185.59
	185.59	185.59
General Reserve		
Opening Balance	10.00	2.99
Less: Transferred to Fixed Assets	1.34	-
Add: Transferred from the Profit and Loss Account	5.00	7.01
	13.66	10.00
Profit & Loss Account	120.15	90.24
	120.15	90.24
	319.40	285.83

SCHEDULE 3 SECURED LOANS		
From Banks & Financial Institutions		
Secured by way of charge on rentals, mortgage / hypothecation of properties, movable & immovable properties	302.57	136.36
Secured by way of charge on hypothecation of inventories, advances and receivables of specified projects and fixed deposit receipts	70.98	40.11
Interest Accrued but not Due	0.19	0.37
(Loans for Rs 364 Crores (Previous Year Rs 68 Crores) are guaranteed by Directors)		
	373.74	176.84

SCHEDULE 4 UNSECURED LOANS		
Loans From Companies	-	5.00
	-	5.00

SCHEDULE 5 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	6.17	3.49
	6.17	3.49

Schedules Forming Part of Accounts

SCHEDULE 6 FIXED ASSETS

(Rs. in Crores)

PARTICULARS	GROSS BLOCK			DEPRECIATION				Net Block		
	As At 31-Mar-08	Additions	Deductions/Transfers	As At 31-Mar-09	Up to 31-Mar-08	For the year	Deletions	Up to 31-Mar-09	As At 31-Mar-09	As At 31-Mar-08
LEASED ASSETS										
Digital Zone- I										
Land	5.23	-	-	5.23	-	-	-	-	5.23	5.23
Building	22.63	-	-	22.63	1.24	0.37	-	1.61	21.02	21.39
Plant & Machinery	5.25	-	-	5.25	0.82	0.25	-	1.07	4.18	4.43
Electrical Equipment & Fittings	10.99	-	-	10.99	1.74	0.52	-	2.26	8.73	9.25
Furniture & Fixtures	9.34	-	-	9.34	1.92	0.59	-	2.51	6.83	7.42
Thiruvanniyur										
Land & Building	0.45	-	-	0.45	-	-	-	-	0.45	0.45
OTHER ASSETS										
Land	-	1.13	-	1.13	-	-	-	-	1.13	-
Computers	2.16	0.46	0.01	2.61	0.79	0.31	-	1.10	1.51	1.37
Office Equipment	1.28	0.23	-	1.51	0.11	0.11	-	0.22	1.29	1.17
Furniture & Fittings	2.04	0.22	-	2.26	0.21	0.19	-	0.40	1.86	1.83
Motor Vehicles	1.97	0.42	0.14	2.25	0.26	0.22	0.05	0.43	1.82	1.71
Plant & Machinery	0.57	0.28	-	0.85	0.06	0.09	-	0.15	0.70	0.51
Electrical Equipment & Fittings	-	0.03	-	0.03	-	0.01	-	0.01	0.02	-
Dredger	55.41	9.33	-	64.74	0.74	3.78	-	4.52	60.22	54.67
Fibre Boat	-	0.05	-	0.05	-	-	-	-	0.05	-
	117.32	12.15	0.15	129.32	7.89	6.44	0.05	14.28	115.04	109.43
Capital Work in Progress	2.08	2.25	0.08	4.25	-	-	-	-	4.25	2.08
Grand Total	119.40	14.40	0.23	133.57	7.89	6.44	0.05	14.28	119.29	111.51
Previous Year	58.76	61.19	0.55	119.40	4.78	3.18	0.07	7.89	111.51	53.98

Schedules Forming Part of Accounts

(Rs. in Crores)

PARTICULARS	As At 31-Mar-09	As At 31-Mar-08
SCHEDULE 7 INVESTMENTS		
Long Term Investments		
Investments in Shares (Non-Quoted, Stated at Cost)		
(As per Annexure - A)		
In Subsidiaries	238.97	150.34
In Other Companies	1.59	1.59
	240.56	151.93
Investments in Mutual Funds (Quoted, Stated at Cost)		
UTI Infrastructure Advantage Fund Series [100,000 units (Previous year 100,000 units) of Face Value of Rs.10/- each]	0.10	0.10
Less : Provision for Decline in Investments	0.04	0.02
	0.06	0.08
Investments in Properties (Non-Quoted, Stated at Cost)		
Building	0.84	0.84
	0.84	0.84
	241.46	152.85

SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES

Inventories		
Projects in Progress	35.08	24.59
Stock of Materials at Site	6.96	2.29
	42.04	26.88
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for more than 6 months	1.53	20.12
Others	117.44	72.37
	118.97	92.49
Cash and Bank Balances		
Cash Balance	0.14	0.06
Balances with Scheduled Banks		
In Current Accounts	2.87	6.35
In Deposit Accounts	0.20	2.87
In Margin Money Accounts	24.68	2.21
	27.89	11.49
Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received		
Advances to Subsidiaries	234.29	166.26
Advances to Suppliers	33.98	25.17
Advances to Staff	0.51	0.46
Advances - Others	34.42	74.68
Share Application Money	83.69	4.79
Prepaid Taxes	28.62	13.75
Security Deposits	2.43	1.81
	417.94	286.92
	606.84	417.78

Schedules Forming Part of Accounts

(Rs. in Crores)

PARTICULARS	As At 31-Mar-09	As At 31-Mar-08
SCHEDULE 9 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	68.79	43.47
Advances from Customers	121.96	65.26
Expenses Payable	15.65	7.68
Bills Payable	2.77	39.83
Statutory Dues	2.75	1.89
Unclaimed Dividend	0.09	0.05
Due to Directors	0.62	0.90
	212.63	159.08
Lease Deposits / Rental Advances	4.18	4.18
Provisions		
Income Tax	19.00	15.60
ESOP	0.69	0.36
Fringe Benefit Tax	0.18	0.16
Proposed Dividend	5.12	5.12
Tax on Proposed Dividend	0.87	0.87
	25.86	22.11
	242.67	185.37

Schedules Forming Part of Accounts

(Rs. in Crores)

PARTICULARS	Year Ended 31-Mar-09	Year Ended 31-Mar-08
SCHEDULE 10 INCOME FROM OPERATIONS		
Income from Projects	452.15	233.42
Income from Leasing	10.84	9.33
	462.99	242.75

SCHEDULE 11 OTHER INCOME		
Dividend Received	-	30.62
Agricultural Income	0.04	0.02
Profit on Sale of Assets	-	3.64
Exchange Rate Difference	-	1.35
Miscellaneous Income	0.14	0.02
	0.18	35.65

SCHEDULE 12 COST OF PROJECTS/OPERATING EXPENSES		
COST OF PROJECTS		
Opening Stock		
Stock of Completed Projects	-	0.84
Projects in Progress	24.59	29.45
Stock of Materials at Site	2.29	0.09
	26.88	30.38
Expenditure During the year		
Cost of Projects	362.82	162.75
Closing Stock		
Projects in Progress	35.08	24.59
Stock of Materials at Site	6.96	2.29
	42.04	26.88
Cost of Projects	347.66	166.25
Repairs & Maintenance-Leased Properties	1.39	0.21
	349.05	166.46

SCHEDULE 13 PERSONNEL EXPENSES		
Salaries & Allowances	8.13	4.99
Directors Remuneration	1.63	1.63
Directors Sitting Fees		
- Board Meeting	0.05	0.06
- Committee Meeting	0.08	0.07
Rent Staff	0.10	0.09
Contribution to Funds	0.68	0.39
Recruitment & Training Expenses	0.37	0.96
Staff Welfare Expenses	1.55	1.02
Retirement Benefits	0.13	0.23
	12.72	9.44

Schedules Forming Part of Accounts

(Rs. in Crores)

PARTICULARS	Year Ended 31-Mar-09	Year Ended 31-Mar-08
SCHEDULE 14 ADMINISTRATIVE EXPENSES		
Rent	1.59	0.95
Rates & Taxes	0.05	0.04
Communication Cost	0.65	0.49
Electricity Charges	0.38	0.30
Traveling and Conveyance	1.57	1.36
Repairs & Maintenance	0.78	0.16
Secretarial Expenses	0.13	0.30
Advertisement & Business Promotion	4.28	2.93
Printing & Stationery	0.41	0.32
Postage and Courier Charges	0.03	0.09
Payment to Auditors		
- Statutory Audit Fee	0.04	0.03
- Other Services	0.01	0.02
Insurance Premium	0.76	0.34
Legal & Professional Charges	5.17	2.70
General Expenses	0.44	0.17
Exchange Rate Fluctuation	0.16	-
Office Maintenance	1.53	0.11
Donation	0.25	0.26
Vehicle Maintenance	0.11	0.09
Loss on Sale of Assets	0.06	-
	18.40	10.66

SCHEDULE 15 INTEREST & FINANCE CHARGES

Interest on Loans	34.61	14.56
Less : Interest Income	24.79	10.85
Net Interest	9.82	3.71
Bank & Finance Charges	3.81	1.42
	13.63	5.13

SCHEDULE 16 DEFERRED TAX EXPENSE (INCOME)

Deferred Tax Liability for the year	2.67	1.54
	2.67	1.54

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 where ever 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 and recognized in the profit and loss account.

Schedules Forming Part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

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

Lease expenses are charged to the Profit and Loss Account on a straight basis over the lease term.

E. VALUATION OF CLOSING STOCK

1. Raw Material: Raw Material, Stores and Spares are valued at Cost. Cost comprises all costs of purchase.
2. Work-in-progress: Work-in-progress is valued at cost or the contract rates whichever is lower.
3. 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

1. 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.
2. 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 rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and Loss Account.

J. BORROWING COSTS

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

K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when:

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably not, require an

Schedules Forming Part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

outflow of resources. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognized nor disclosed.

L. EARNINGS PER SHARE

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

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

NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES:

- Estimated amount of liability on capital contracts as on 31st March 2009 is Rs 0.02 Crore (Previous year Rs 0.46 Crore)
- Corporate Guarantees given to Banks in respect of loans taken by other companies: Rs 980.30 Crores (Previous year Rs 413.50 Crores)

The Company has not provided any Collateral Security for any Loans raised by other companies

- Corporate Guarantees given to Banks in respect of performance bank guarantees issued by them is Rs 11.32 Crores (Previous year Rs 5.44 Crores)
- Unfulfilled Export Obligations of Rs 1.14 Crores (Previous Year Rs 1.14 Crores), Rs 1.13 Crores (Previous Year Rs 1.13 Crores) & Rs 0.95 Crore (Previous year Rs 0.95 Crore) 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.

- Claims not acknowledged as debts by the Company Rs 0.04 Crore (Previous year Rs NIL)

f. Income Tax Demand

Tax on Income

Asst. Year	Details of Demand				Forum Where Dispute is Pending
	Demand Raised By Dept.	Amount Paid under Protest			
		Till 31st March 2008	During 08-09	Total	
2001-02	16,785,003	16,879,719	-	16,879,719	Madras High Court
2002-03	8,926,848	9,659,367	-	9,659,367	CIT

TDS

Asst. Year	Details of Demand				Forum Where Dispute is Pending
	Demand Raised By Dept.	Amount Paid under Protest			
		Till 31st March 2008	During 08-09	Total	
1996-97	21,503	4,931	-	4,931	ITO-TDS
1997-98	2,368,619	2,317,682	-	2,317,682	ITO-TDS
1998-99	1,628,830	842,934	-	842,934	ITO-TDS
1999-00	1,857,640	581,282	-	581,282	ITO-TDS
2000-01	442,820	65,440	-	65,440	ITO-TDS

g. Sales Tax Demand

Financial Year	Details of Demand			Forum Where Dispute is Pending
	Demand Raised	Demand Paid	Balance	
2004-05	150,972	-	150,972	AC, Sales Tax
2005-06	469,014	-	469,014	AC, Sales Tax
2006-07	1,123,972	-	1,123,972	AC, Sales Tax

h. Service Tax Demand

Financial Year	Details of Demand			Forum Where Dispute is Pending
	Demand Raised	Demand Paid	Balance	
2006-07	1,932,191	-	1,932,191	JC, Service Tax
2007-08	24,171	-	24,171	JC, Service Tax

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. 2.67 Crores has been provided for deferred tax liability from the profits of the current year.

Schedules Forming Part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

The balance deferred tax liability outstanding as on 31st March 2009 is Rs 6.17 Crores the details of which are as follows:

(Rs. in Crores)

PARTICULARS	31-Mar-09	31-Mar-08
Timing difference on account of depreciation	2.67	1.54
Outstanding deferred tax liability	3.50	1.96
Outstanding deferred tax liability (net)	6.17	3.50

- Balances of Sundry Debtors, Sundry Creditors and other balances are subject to confirmation by the parties.
- 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.
- 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. SEGMENT REPORTING

There are no reportable segments for the current year, as per the Accounting Standard on Segment Reporting (AS 17) issued by the Institute of Chartered Accountants of India.

- The remuneration paid to Directors is as follows:

(Rs. in Crores)

PARTICULARS	2008-09	2007-08
Remuneration to Managing Director	1.03	1.03
Commission to Managing Director	0.60	0.60
Directors Sitting Fees	0.13	0.13

- 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 2009.

Particulars	Rs in Crores
Profit Before Tax as per Profit & Loss Account	62.93
Add : Depreciation charged as per Profit & Loss Account	6.44
Add : Managerial Remuneration debited to Profit & Loss Account	1.76
	71.13
Less : Depreciation as per Sec. 350 of the Companies Act, 1956	6.44
Net Profit as per Sec 349 of the Companies Act, 1956	64.69
Maximum amount of Remuneration permissible to Whole Time Director (@ 5% of the Net Profit)	3.23

9. RELATED PARTY DISCLOSURES

The Company had transactions with the following related parties:

- Subsidiaries: Subsidiaries are listed in Annexure A
- Associates:
 - The Company holds 39% shares in Rajakamangalam Thurai Fishing Harbour Private Limited
 - The following are the Companies in which there are common Directors:
 - Exemplarr Worldwide Limited (Formerly R R Infotech Limited)
 - Marg Digital Infrastructure Private Limited
 - Marg Realities Limited

- Key Management Personnel:

G R K Reddy-Chairman & Managing Director

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

(Rs. in Crores)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Revenue	431.01	-	-	431.01
Interest Received	23.64	-	-	23.64
Contract and Service Received	0.53	1.00	-	1.53
Contract Advances	130.86	-	-	130.86
Remuneration & Commission	-	-	1.63	1.63
Investments Made*	88.75	-	-	88.75
Loans & Advances Made	369.19	0.96	-	370.15
Guarantees Issued	566.80	-	-	566.80
Guarantees and Collaterals Received	215.15	-	-	215.15

*Includes Rs.39,000/- made in Associate Company

Schedules Forming Part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

(Rs. in Crores)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Balances as on 31st March 2009				
Investments	238.97	1.59	-	240.56
Sundry Debtors	116.01	-	-	116.01
Sundry Creditors	0.50	0.31	-	0.81
Loans & Advances	317.97	0.96	-	318.93
Remuneration & Commission	-	-	0.60	0.60
Contract Advances	104.18	-	-	104.18
Guarantees Issued	969.10	11.20	-	980.30
Guarantees & collateals Received	215.15	55.00	-	270.15

10. The Companies (Accounting Standards) Amendment Rules 2009 has amended the provisions of AS – 11 relating to “The Effects of the changes in Foreign Exchange Rates” vide notification dated 31st March 2009. In terms of these amendments the Company has exercised option retrospectively from 1st April 2007 and has accounted long term monetary exchange gain of Rs 1.34 Crores as a deduction from the General Reserve. This was earlier recognized as a gain in respect of 2007-08 and previously credited to the Profit and Loss Account. The Company has also accounted a foreign exchange loss of Rs 10.68 crores for the current year to the cost of fixed asset. These amounts will be written off over the remaining useful life of the asset from the dates on which they are accounted to the cost of the assets.

11. Total rental expense under cancelable operating lease was Rs 0.42 Crore and Rs 1.58 Crores for the quarter and year ended 31st March 2009 (Previous year Rs 0.38 Crore and Rs 0.98 Crore) respectively.

12.

a. Value of Imports calculated on CIF Basis

(Rs. in Crores)

Particulars	2008-09	2007-08
i Components, embedded goods and spare-parts	5.52	0.09
ii Capital goods	-	47.74

b. Expenditure in Foreign Currencies

(Rs. in Crores)

Particulars	2008-09	2007-08
i Traveling Expenses	0.18	0.35
ii FCCB Conversion & Listing fee	-	0.11
iii Technical / Profession & Conference Expenses	0.49	0.31
iv Business Promotion & Trade Fair Expenses	-	0.06

13. EARNINGS PER SHARE (EPS)

Particulars	2008-09	2007-08
a. Profit After Tax (Rs Crores)		
For Basic EPS	40.89	67.44
For Diluted EPS	40.89	67.44
b. Weighted average number of equity shares (Nos - lacs)		
For Basic EPS	256.08	211.56
For Diluted EPS	256.58	212.37
c. Earning Per Share (Rs)		
Basic	15.97	31.88
Diluted	15.94	31.76
d. Nominal Value Per Share (Rs)	10.00	10.00

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

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

Signatories to Schedule 1 to 17
As per our Report of even date attached
For **K RAMKUMAR & CO.**,
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

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
Directors

B BHUSHAN
ED & CFO

GOURI SHANKER MISHRA
Company Secretary

Annexure A

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

Name of the Company	Investments				Loans & Advances Given		
	Face Value (Rs)	As At 31-Mar-09 No. Of Shares (Lacs)	As At 31-Mar-08 No. Of Shares (Lacs)	As At 31-Mar-09 (Rs in Crores)	As At 31-Mar-08 (Rs in Crores)	Amount outstanding As at 31-Mar-09 (Rs in Crores)	Maximum Amount outstanding during the year (Rs in Crores)
Subsidiaries							
Aaram Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	2.73	2.73
Abhinaya Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	0.78	5.39
Ajani Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	5.61	5.61
Akarsh Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	1.84	6.45
Akhil Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	0.05	0.33
Amir Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	1.72	1.72
Anumanthai Beachside Resorts Pvt Ltd	10	0.10	0.10	0.01	0.01	-	0.09
Anuttam Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	18.07	18.07
Aparajitha Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	0.84	0.84
Aprati Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	0.14	15.23
Arogya Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	12.51	12.51
Arohi Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	5.83	7.33
Aroopa Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	0.26	6.07
Atul Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	1.45	1.45
Avatar Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	5.62	5.62
Bay Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	15.25	18.57
Bharani Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	3.07	3.07
Bhushan Tradelinks Pvt Ltd	10	0.10	0.10	0.01	0.01	0.90	0.90
Darpan Houses Pvt Ltd	10	0.10	0.10	0.01	0.01	0.96	0.96
Dasha Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	4.94	4.94
Giri Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	8.45	8.45
Goldenview Nivas Pvt Ltd	10	0.10	0.10	0.01	0.01	0.30	0.39
Highrise Housing Projects Pvt Ltd	10	0.10	0.10	0.01	0.01	0.68	0.68
Hilary Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	2.46	5.99

Annexure A (Contd.)

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

Name of the Company	Investments				Loans & Advances Given		
	Face Value (Rs)	As At 31-Mar-09 No. Of Shares (Lacs)	As At 31-Mar-08 No. Of Shares (Lacs)	As At 31-Mar-09 (Rs in Crores)	As At 31-Mar-08 (Rs in Crores)	Amount outstanding As at 31-Mar-09 (Rs in Crores)	Maximum Amount outstanding during the year (Rs in Crores)
Indraprastha Homes Pvt Ltd	10	0.10	-	0.01	-	0.33	0.33
Jai Ganesh Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	1.28	1.28
Kadambani Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	4.20	4.20
Kanchanajunga Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	0.23	7.55
Karaikal Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	0.01	0.01
Karaikal Port Pvt Ltd	10	1,142.50	572.50	114.25	57.25	1.11	29.75
Karaikal Power Company Pvt Ltd	10	0.10	-	0.01	-	0.16	0.17
Kirtidhara Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	8.98	9.33
Kodur Developers Pvt Ltd	10	-	0.10	-	0.01	-	-
Kripa Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	5.71	5.71
Magnumopus Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	8.91	8.91
Marg Business Park Pvt Ltd	10	0.10	0.10	0.01	0.01	0.19	5.45
Marg Port Management Services Pvt Ltd	10	0.10	0.10	0.01	0.01	-	-
Marg Power Projects Pvt Ltd	10	0.10	0.10	0.01	0.01	0.01	0.01
Marg Communications Pvt Ltd	10	0.10	-	0.01	-	-	-
Marg Logistics Pvt Ltd	10	0.10	-	0.01	-	-	-
Marg Renewable Power Projects Pvt Ltd	10	0.10	0.10	0.01	0.01	-	-
Marigold Villas Pvt Ltd	10	0.10	0.10	0.01	0.01	1.44	1.44
Mayur Habitat Pvt Ltd	10	0.10	0.10	0.01	0.01	0.64	0.64
Marg Constructions (Chennai) Pvt Ltd	10	0.10	-	0.01	-	-	-
Marg Swarnabhoomi Logistics Pvt Ltd	10	0.10	-	0.01	-	-	-
Marg Swarnabhoomi Port Pvt Ltd	10	0.11	-	0.01	-	0.06	0.06
Marg Swarnabhoomi Power Pvt Ltd	10	0.10	-	0.01	-	-	-
Mukta Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	9.65	12.32
Navita Estates Pvt Ltd	10	0.10	0.10	0.01	0.01	0.29	0.29

Annexure A (Contd.)

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

Name of the Company	Investments				Loans & Advances Given		
	Face Value (Rs)	As At 31-Mar-09 No. Of Shares (Lacs)	As At 31-Mar-08 No. Of Shares (Lacs)	As At 31-Mar-09 (Rs in Crores)	As At 31-Mar-08 (Rs in Crores)	Amount outstanding As at 31-Mar-09 (Rs in Crores)	Maximum Amount outstanding during the year (Rs in Crores)
Navrang Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	1.18	1.18
New Chennai Township Pvt Ltd	10	510.00	510.00	51.00	51.00	23.96	66.27
New Era Land Developers Pvt Ltd	10	0.10	-	0.01	-	5.18	6.40
O M R Developers Pvt Ltd	10	0.10	0.10	0.01	0.01	5.55	6.42
Parivar Apartments Pvt Ltd	10	0.10	0.10	0.01	0.01	0.56	0.60
Pathang Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	3.54	3.54
Prabhat Villas Pvt Ltd	10	-	0.10	-	0.01	-	-
Prospective Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	0.81	3.59
Pudducherry Infradevelopers Pvt Ltd	10	-	0.10	-	0.01	-	-
Rainbow Habitat Pvt Ltd	10	0.10	0.10	0.01	0.01	-	-
Riverside Infrastructure (India) Pvt Ltd	10	730.00	414.00	73.00	41.40	5.72	16.92
Rupak Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	1.37	1.37
Sanjog Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	6.31	6.31
Saptarishi Projects Pvt Ltd	10	0.10	0.10	0.01	0.01	0.06	0.06
Saral Homes Pvt Ltd	10	0.10	0.10	0.01	0.01	0.24	3.36
Sarang Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	11.51	11.52
Sathsang Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	1.05	1.05
Swarnabhoomi Port Pvt Ltd	10	0.10	0.10	0.01	0.01	0.01	0.01
Siddhi Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	4.19	4.19
Sigma Infrastructure India Ltd	10	0.37	0.37	0.04	0.04	-	-
Singar Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	3.75	3.75
Shubham Vihar Pvt Ltd	10	0.10	0.10	0.01	0.01	2.33	2.83
Swatantra Infrastructure Pvt Ltd	10	0.10	0.10	0.01	0.01	3.85	4.78
Tapovan Villas Pvt Ltd	10	-	0.10	-	0.01	-	-
Trusted Properties (KPO) Pvt Ltd	10	-	0.10	-	0.01	-	-

Annexure A (Contd.)

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

Name of the Company	Investments				Loans & Advances Given		
	Face Value (Rs)	As At 31-Mar-09 No. Of Shares (Lacs)	As At 31-Mar-08 No. Of Shares (Lacs)	As At 31-Mar-09 (Rs in Crores)	As At 31-Mar-08 (Rs in Crores)	Amount outstanding As at 31-Mar-09 (Rs in Crores)	Maximum Amount outstanding during the year (Rs in Crores)
Veda Infradevelopers Pvt Ltd	10	0.10	0.10	0.01	0.01	5.16	5.16
Viswadhara Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	2.45	6.15
Wisdom Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	6.56	10.30
Yuva Constructions Pvt Ltd	10	0.10	0.10	0.01	0.01	1.29	1.29
Total				238.97	150.34	234.29	387.89
Associates							
Marg Digital Infrastructure Pvt Ltd	10	5.95	5.95	0.59	0.59	-	-
Marg Realities Ltd	10	9.95	9.95	1.00	1.00	-	-
Rajakamangalam Thurai Fishing Harbour Pvt Ltd *	10	0.04	-	-	-	0.96	0.96
Total				1.59	1.59	0.96	0.96

* Investment includes Rs 39,000/- as at 31-Mar-09.

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

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
Directors

B BHUSHAN
ED & CFO

GOURI SHANKER MISHRA
Company Secretary

AUDITOR'S REPORT ON CASH FLOW STATEMENT

We have examined the above Cash Flow Statement of **MARG LIMITED** for the year ended 31st March 2009. 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
Membership No. 27476

Place : Chennai
Date : 30th June 2009

Cash Flow Statement

(Rs. in Crores)

S No	PARTICULARS	Year Ended 31-Mar-09	Year Ended 31-Mar-08
A	CASH FLOWS FROM OPERATING ACTIVITIES:		
	Net Profit before Taxation and Extraordinary Items	62.93	83.53
	Adjustment for:		
	Depreciation	6.44	3.18
	Exchange Rate Gain	-	(1.35)
	Dividend Income	-	(30.62)
	Profit on sale of Assets	-	(3.64)
	Loss on sale of Fixed Assets	0.06	-
	Charges for Employee Stock Option	0.32	0.36
	Interest and Finance Charges (Net)	13.63	5.13
	Operating Profit before Working Capital Changes	83.38	56.59
	Decrease (Increase) in Sundry Debtors	(26.47)	(41.96)
	Decrease (Increase) in Inventories	(15.16)	3.50
	Decrease (Increase) in Loans & Advances	(109.05)	(165.39)
	Increase (Decrease) in Current Liabilities	53.54	108.09
	Cash Generated from Operations	(13.76)	(39.17)
	Fringe Benefit tax	(0.14)	(0.16)
	Income Tax	(26.04)	(14.40)
	Cash Flow before Extraordinary Items	(39.94)	(53.73)
	Adjustment for Extraordinary Items	-	-
	NET CASH FROM OPERATING ACTIVITIES (A)	(39.94)	(53.73)
B	CASH FLOWS FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets	(5.33)	(61.19)
	Purchase of Investments	(95.76)	(22.07)
	Dividend Received	-	30.61
	Sale of Investments	7.11	3.64
	Proceeds from Sale of Fixed Assets (Net)	0.07	0.49
	NET CASH FROM INVESTING ACTIVITIES (B)	(93.91)	(48.52)
C	CASH FLOWS FROM FINANCING ACTIVITIES:		
	Proceeds from Issuance of Share Capital	-	101.35
	Proceeds from Long Term Borrowings	186.67	74.49
	FCCB Issue	-	(63.86)
	Proceeds from Short Term Borrowings	(5.00)	(5.09)
	Interest and Finance Charges Paid (Net)	(25.47)	(12.92)
	Dividend & Dividend Tax Paid	(5.95)	(5.99)
	NET CASH USED IN FINANCING ACTIVITIES (C)	150.25	87.98
	Net Increase in Cash and Cash Equivalents (A+B+C)	16.40	(14.27)
	Cash and Cash Equivalents at beginning of Period	11.49	25.76
	Cash and Cash Equivalents at end of Period	27.89	11.49

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

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
Directors

B BHUSHAN
ED & CFO

GOURI SHANKER MISHRA
Company Secretary

REPORT OF THE AUDITORS - CONSOLIDATED

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, 2009**, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Consolidated Financial Statements are the responsibility of MARG LIMITED's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

The Consolidated Financial Statements of MARG LIMITED incorporate the accounts for the year ended 31st March 2009, of 73 Companies of which 60 Companies listed in "Annexure A" have been audited by us and whose reports have been considered by us.

We did not audit the financial statements of following 13 subsidiaries whose financial statements reflects total assets of Rs 515.88 Crores as at 31st March 2009, the total income of Rs 2.39 Crores for the year ended on that date and the Net Cash Flows amounting to Rs (-) 34.20 Crores for the year ended 31st March 2009. 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	Indraprastha Homes Private Limited
5	Jai Ganesh Infradevelopers Private Limited
6	Karaikal Port Private Limited
7	Marg Communications Private Limited
8	Marg Constructions (Chennai) Private Limited
9	Marg Logistics Private Limited
10	Marg Swarnabhoomi Logistics Private Limited
11	Marg Swarnabhoomi Power Private Limited
12	Signa Infrastructure India Limited
13	Swarnabhoomi Port 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 2009;
- ii. In the case of Consolidated Profit and Loss Account, of the Profit for the year ended 31st March 2009; and
- iii. In the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended 31st March 2009.

For **K RAMKUMAR & Co.**
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

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 Pvt Ltd
21	Hilary Constructions Private Limited
22	Kadambani Infrastructure Private Limited
23	Kanchananajunga Infradevelopers Private Limited
24	Karaikal Infradevelopers Private Limited
25	Karaikal Power Company 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

Sl. No	Name of the Company
31	Marg Power Projects Private Limited
32	Marg Renewable Power Projects Private Limited
33	Marg Swarnabhoomi Port Private Limited
34	Marigold Villas Private Limited
35	Mayur Habitat Private Limited
36	Mukta Infrastructure Private Limited
37	Navita Estates Private Limited
38	Navrang Infrastructure Private Limited
39	New Chennai Township Private Limited
40	New Era Land Developers Private Limited
41	O M R Developers Private Limited
42	Parivar Apartments Private Limited
43	Pathang Constructions Private Limited
44	Prospective Constructions 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	Veda Infradevelopers Private Limited
58	Viswadhara Constructions Private Limited
59	Wisdom Constructions Private Limited
60	Yuva Constructions Private Limited

Consolidated Balance Sheet

(Rs. in Crores)

PARTICULARS	Schedule	As At 31-Mar-09	As At 31-Mar-08
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	25.61	25.61
Reserves & Surplus	2	198.82	200.67
MINORITY INTEREST		0.04	0.02
LOAN FUNDS			
Secured Loans	3	1,023.92	359.37
Unsecured Loans	4	4.00	8.00
DEFERRED TAX LIABILITY (NET)	5	6.17	3.49
		1,258.56	597.16
APPLICATION OF FUNDS			
FIXED ASSETS	6		
Gross Block		820.71	422.85
Less : Depreciation		14.66	7.94
Net Block		806.05	414.91
INVESTMENTS	7	2.55	2.51
CURRENT ASSETS, LOANS & ADVANCES	8		
Inventories		221.03	106.05
Sundry Debtors		140.27	72.39
Cash & Bank Balances		53.04	53.73
Loans & Advances		227.58	126.98
		641.92	359.15
LESS : CURRENT LIABILITIES & PROVISIONS	9		
Current Liabilities		161.61	152.84
Lease Deposits/ Rental Advances		4.18	4.18
Provisions		26.17	22.39
		191.96	179.41
NET CURRENT ASSETS		449.96	179.74
		1,258.56	597.16
NOTES ON ACCOUNTS	17		

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

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
Directors

B BHUSHAN
ED & CFO

GOURI SHANKER MISHRA
Company Secretary

Consolidated Profit & Loss Account

(Rs. in Crores)

PARTICULARS	Schedule	Year Ended 31-Mar-09	Year Ended 31-Mar-08
INCOME			
Income from Operations	10	70.09	156.48
Other Income	11	36.15	6.51
		106.24	162.99
EXPENDITURE			
Cost of Projects/Other Operating Expenses	12	16.33	83.10
Personnel Expenses	13	15.08	9.59
Administrative Expenses	14	26.51	11.45
		57.92	104.14
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		48.32	58.85
Depreciation	6	6.70	3.20
PROFIT BEFORE INTEREST & TAX		41.61	55.65
Interest & Finance Charges	15	13.77	14.29
PROFIT BEFORE TAX		27.85	41.36
TAX EXPENSE			
Current		19.18	14.89
Taxes - Prior Period		0.19	-
Deferred	16	2.67	1.54
Fringe Benefit Tax		0.30	0.22
PROFIT AFTER TAX		5.51	24.71
Balance brought forward from Previous Year		1.58	(6.61)
Minority Interest		(0.01)	(0.01)
AMOUNT AVAILABLE FOR APPROPRIATION		7.08	18.09
APPROPRIATIONS			
Proposed Dividend		5.13	5.13
Dividend Tax		0.87	0.87
General Reserve		5.01	10.51
Balance carried to Balance Sheet		(3.93)	1.58
		7.08	18.09
EARNINGS PER SHARE			
Basic		2.15	11.69
Diluted		2.15	11.64
NOTES ON ACCOUNTS	17		

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

For and on behalf of Board of Directors

G R K REDDY
Chairman & Managing Director

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ED & CFO

GOURI SHANKER MISHRA
Company Secretary

Schedules Forming Part of Consolidated Accounts

(Rs. in Crores)

PARTICULARS	As At 31-Mar-09	As At 31-Mar-08
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SCHEDULE 1 SHARE CAPITAL

Authorised Capital		
50,000,000 Equity Shares of Rs. 10 each	50.00	50.00
(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	25.61	25.61
(Previous year 25,608,381 Equity Shares of Rs 10 each)		
	25.61	25.61

SCHEDULE 2 RESERVES & SURPLUS

Securities Premium Account	185.59	185.59
Capital Reserve*	-	-
General Reserve		
Opening Balance	13.50	2.99
Less: Transferred to Fixed Assets	1.34	-
Add: Transferred from the Profit and Loss Account	5.00	10.51
	17.16	13.50
Profit & Loss Account	(3.93)	1.58
	198.82	200.67

*Note:- Includes Rs 2,330/- for the FY 2008-09 and 2007-08

SCHEDULE 3 SECURED LOANS

From Banks & Financial Institutions		
Secured by way of charge on rentals, mortgage / hypothecation of properties, movable & immovable properties	950.07	316.67
Secured by way of charge on hypothecation of inventories, advances and receivables of specified projects and fixed deposit receipts	72.77	41.93
Interest Accrued but not Due	1.08	0.77
(Loans for Rs 498 Crores (Previous Year Rs 68 Crores) are guaranteed by Directors)		
	1,023.92	359.37

SCHEDULE 4 UNSECURED LOANS

Loans from others	4.00	8.00
	4.00	8.00

SCHEDULE 5 DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability	6.17	3.49
	6.17	3.49

Schedules Forming Part of Consolidated Accounts

SCHEDULE 6 FIXED ASSETS

(Rs. in Crores)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 31-Mar-08	Additions	Deductions/Transfers	As At 31-Mar-09	Up to 31-Mar-08	For the year	Deletions	Up to 31-Mar-09	As At 31-Mar-09	As At 31-Mar-08
LEASED ASSETS										
Digital Zone - I										
Land	5.23	-	-	5.23	-	-	-	-	5.23	5.23
Building	22.63	-	-	22.63	1.24	0.37	-	1.61	21.02	21.39
Plant & Machinery	5.25	-	-	5.25	0.82	0.25	-	1.07	4.18	4.43
Electrical Equipment & Fittings	10.99	-	-	10.99	1.74	0.52	-	2.26	8.73	9.25
Furniture & Fixtures	9.34	-	-	9.34	1.92	0.59	-	2.51	6.83	7.42
Thiruvaniyur										
Land & Building	0.45	-	-	0.45	-	-	-	-	0.45	0.45
OTHER ASSETS										
Land	111.60	41.56	22.38	130.78	-	-	-	-	130.78	111.60
Computers	2.26	0.47	0.01	2.72	0.80	0.33	-	1.13	1.59	1.46
Office Equipment	1.30	0.38	-	1.68	0.11	0.12	-	0.23	1.45	1.19
Furniture & Fittings	2.08	0.36	-	2.44	0.22	0.28	-	0.50	1.94	1.86
Motor Vehicles	2.28	1.44	0.14	3.58	0.27	0.29	0.05	0.51	3.07	2.01
Plant & Machinery	0.76	2.51	-	3.27	0.06	0.20	-	0.26	3.01	0.70
Electrical Equipment & Fittings	0.01	0.31	-	0.32	-	0.03	-	0.03	0.29	0.01
Dredger	55.41	9.33	-	64.74	0.75	3.78	-	4.53	60.21	54.66
Fibre Boat	-	0.05	-	0.05	-	-	-	-	0.05	-
Port License	15.00	-	-	15.00	-	-	-	-	15.00	15.00
Building	0.01	0.05	-	0.06	0.01	0.01	-	0.02	0.04	-
	244.60	56.46	22.53	278.53	7.94	6.77	0.05	14.66	263.87	236.66
Capital Work in Progress	178.25	426.81	62.88	542.18	-	-	-	-	542.18	178.25
Grand Total	422.85	483.27	85.41	820.71	7.94	6.77	0.05	14.66	806.05	414.91
Previous Year	194.97	278.60	50.72	422.85	4.78	3.23	0.07	7.94	414.91	190.19

Schedules Forming Part of Consolidated Accounts

(Rs. in Crores)

PARTICULARS			As At 31-Mar-09	As At 31-Mar-08	
SCHEDULE 7 INVESTMENTS					
Long Term Investments					
Investments in Shares (Non-Quoted, Stated at Cost)					
Company	Face value (Rs)	No of Shares			
		31-Mar-09	31-Mar-08		
Marg Digital Infrastructure Pvt Ltd	10	595,000	595,000	0.59	0.59
Marg Realities Ltd	10	995,000	995,000	1.00	1.00
Rajakamangalam Thurai Fishing Harbour Pvt Ltd *	10	3,900	-	-	-
Catholic Syrian Bank Ltd	10	20,100	-	0.06	-
				1.65	1.59
Investments in Mutual Funds (Quoted, Stated at Cost)					
UTI Infrastructure Advantage Fund Series	10	100,000	100,000	0.10	0.10
Less : Provision for Decline in Investments				0.04	0.02
				0.06	0.08
Investments in Properties (Non-Quoted, Stated at Cost)					
Building				0.84	0.84
				0.84	0.84
				2.55	2.51

* Investment Includes Rs 39,000/- as at 31-Mar-09.

SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES

Inventories				
Projects in Progress			203.22	102.63
Stock of Materials at Site			17.81	3.42
			221.03	106.05
Sundry Debtors				
(Unsecured and considered good)				
Outstanding for more than 6 months			1.53	1.20
Others			138.74	71.19
			140.27	72.39
Cash and Bank Balances				
Cash Balance			0.91	0.76
Balances with Scheduled Banks				
In Current Accounts			22.67	32.60
In Deposit Accounts			0.98	18.17
In Margin Money Accounts			28.48	2.20
			53.04	53.73

Schedules Forming Part of Consolidated Accounts

(Rs. in Crores)

PARTICULARS	As At 31-Mar-09	As At 31-Mar-08
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SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES (Contd.)

Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received		
Advances to Suppliers	45.36	25.69
Advances to Staff	0.66	0.47
Advances - Others	135.09	82.62
Share Application Money	-	2.11
Prepaid Taxes	43.62	14.09
Security Deposits	2.85	2.00
	227.58	126.98
	641.92	359.15

SCHEDULE 9 CURRENT LIABILITIES & PROVISIONS

Current Liabilities		
Sundry Creditors	84.35	53.64
Advances from Customers	32.88	29.47
Expenses Payable	25.01	22.88
Bills Payable	7.75	39.83
Statutory Dues	10.88	6.07
Unclaimed Dividend	0.09	0.05
Due to Directors	0.65	0.90
	161.61	152.84
Lease Deposits / Rental Advances	4.18	4.18
	4.18	4.18
Provisions		
Income Tax	19.18	15.84
ESOP	0.69	0.36
Fringe Benefit Tax	0.30	0.20
Proposed Dividend	5.13	5.12
Tax on Dividend	0.87	0.87
	26.17	22.39
	191.96	179.41

Schedules Forming Part of Consolidated Accounts

(Rs. in Crores)

PARTICULARS	Year Ended 31-Mar-09	Year Ended 31-Mar-08
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SCHEDULE 10 INCOME FROM OPERATIONS

Income from Projects	59.25	147.15
Income from leasing	10.84	9.33
	70.09	156.48

SCHEDULE 11 OTHER INCOME

Dividend Received	0.01	-
Agricultural Income	0.28	0.70
Profit on Sale of Assets	35.65	3.73
Interest on Income Tax Refund	-	0.09
Exchange Rate Difference	-	1.35
Miscellaneous Income	0.21	0.64
	36.15	6.51

SCHEDULE 12 COST OF PROJECTS/OPERATING EXPENSES

COST OF PROJECTS		
Opening Stock		
Stock of Completed Projects	-	0.84
Projects in Progress	102.63	30.76
Stock of Materials at Site	3.42	0.09
	106.05	31.69
Expenditure During the year		
Cost of Projects	129.92	157.25
Closing Stock		
Projects in Progress	203.22	102.63
Stock of Materials at Site	17.81	3.42
	221.03	106.05
Cost of Projects	14.94	82.89
Repairs & Maintenance-Leased Properties	1.39	0.21
	16.33	83.10

SCHEDULE 13 PERSONNEL EXPENSES

Salaries & Allowances	9.81	5.12
Directors Remuneration	1.63	1.63
Directors Sitting Fees		
- Board Meeting	0.09	0.06
- Committee Meeting	0.08	0.07
Rent Staff	0.10	0.09
Contribution to Funds	0.92	0.39
Recruitment & Training Expenses	0.37	0.97
Staff Welfare Expenses	1.86	1.03
Retirement Benefits	0.22	0.23
	15.08	9.59

Schedules Forming Part of Consolidated Accounts

(Rs. in Crores)

PARTICULARS	Year Ended 31-Mar-09	Year Ended 31-Mar-08
SCHEDULE 14 ADMINISTRATIVE EXPENSES		
Rent	1.86	0.95
Rates & Taxes	0.05	0.04
Communication Cost	0.73	0.50
Electricity Charges	0.38	0.31
Traveling and Conveyance	2.93	1.39
Repairs & Maintenance	0.78	0.16
Secretarial Expenses	0.71	0.46
Advertisement & Business Promotion	7.66	3.20
Printing & Stationery	0.46	0.33
Postage and Courier Charges	0.04	0.09
Payment to Auditors		
- Statutory Audit Fee	0.17	0.11
- Other Services	0.01	0.02
Insurance Premium	0.76	0.35
Legal & Professional Charges	6.92	2.72
General Expenses	0.51	0.23
Exchange Rate Fluctuation	0.16	-
Office Maintenance	1.88	0.11
Donation	0.25	0.26
Vehicle Maintenance	0.24	0.09
Preliminary Expenses Written off	0.01	0.13
	26.51	11.45

SCHEDULE 15 INTEREST & FINANCE CHARGES

Interest on Loans	14.17	14.89
Less : Interest Income	4.31	2.09
Net Interest	9.86	12.80
Bank & Finance Charges	3.91	1.49
	13.77	14.29

SCHEDULE 16 DEFERRED TAX EXPENSE (INCOME)

Deferred Tax Liability for the year	2.67	1.54
	2.67	1.54

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS

The Consolidated Financial Statements relate to MARG LIMITED ("The Company") and its 73 Subsidiary Companies of which 71 are 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.

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 where ever 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 the 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.

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

C. FIXED ASSETS, DEPRECIATION & IMPAIRMENT

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

D. VALUATION OF CLOSING STOCK

- (i) Raw Material: Raw Material, Stores and Spares are valued at Cost. Cost comprises 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 rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and Loss Account.

I. BORROWING COSTS

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

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

and Loss account in the year in which they are incurred.

J. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when:

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

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

Contingent Assets are neither recognized nor disclosed.

K. EARNINGS PER SHARE

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

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

NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES:

- Estimated amount of liability on capital contracts as on 31st March 2009 is Rs 161.76 Crores (Previous year Rs 53.21 Crores)
- Corporate Guarantees given to Banks in respect of loans taken by other Companies: Rs 11.20 Crores (Previous year Rs 11.20 Crores)
- Corporate Guarantees given to Bank in respect of performance bank guarantees

issued by them : Rs 12.32 Crores (Previous year Rs 5.44 Crores)

- Unfulfilled Export Obligations of Rs 1.14 Crores (Previous Year Rs 1.14 Crores), Rs 1.13 Crores (Previous Year Rs 1.13 Crores) & Rs 0.95 Crore (Previous year Rs 0.95 Crore) 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.
- Claims not acknowledged as debts by the Company: Rs 0.04 Crore (Previous year Rs Nil)

f. Income Tax Demand

Tax on Income

Asst. Year	Details of Demand				Forum Where Dispute is Pending
	Demand Raised By Dept.	Amount Paid under Protest			
		Till 31st March 2008	During 08-09	Total	
2001-02	16,785,003	16,879,719	-	16,879,719	Madras High Court
2002-03	8,926,848	9,659,367	-	9,659,367	CIT

TDS

Asst. Year	Details of Demand				Forum Where Dispute is Pending
	Demand Raised By Dept.	Amount Paid under Protest			
		Till 31st March 2008	During 08-09	Total	
1996-97	21,503	4,931	-	4,931	ITO-TDS
1997-98	2,368,619	2,317,682	-	2,317,682	ITO-TDS
1998-99	1,628,830	842,934	-	842,934	ITO-TDS
1999-00	1,857,640	581,282	-	581,282	ITO-TDS
2000-01	442,820	65,440	-	65,440	ITO-TDS

g. Sales Tax Demand

Financial Year	Details of Demand			Forum Where Dispute is Pending
	Demand Raised	Demand Paid	Balance	
2004-05	150,972	-	150,972	AC, Sales Tax
2005-06	469,014	-	469,014	AC, Sales Tax
2006-07	1,123,972	-	1,123,972	AC, Sales Tax

h. Service Tax Demand

Financial Year	Details of Demand			Forum Where Dispute is Pending
	Demand Raised	Demand Paid	Balance	
2006-07	1,932,191	-	1,932,191	JC, Service Tax
2007-08	24,171	-	24,171	JC, Service Tax

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

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 2.67 Crores has been provided for deferred tax liability from the profits of the current year. The balance deferred tax liability outstanding as on 31st March 2009 is Rs 6.17 Crores the details of which are as follows:

(Rs. in Crores)

PARTICULARS	31-Mar-09	31-Mar-08
Timing difference	2.67	1.54
Outstanding deferred tax liability	3.50	1.96
Outstanding deferred tax liability (net)	6.17	3.50

3. SEGMENT REPORTING

There are no reportable segments for the current year, as per the accounting Standard on Segment Reporting (AS 17) issued by the Institute of Chartered Accountants of India, for MARG Limited. Hence segment reporting is not applicable.

4. RELATED PARTY DISCLOSURES

The Company had transactions with the following related parties:

A. Associates:

- The Company holds 39% shares in Rajakamangalam Thurai Fishing Harbour Private Limited.
- The following are the Companies in which there are Common Directors:
 - Exemplarr Worldwide Limited (Formerly R R Infotech Limited)
 - Marg Digital Infrastructure Private Limited
 - Marg Realities Limited

B. Key Management Personnel:

G R K Reddy-Chairman & Managing Director

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

(Rs. in Crores)

Particulars	Associates	Key Management Personnel	Total
Contract and Service Received	1.00	-	1.00
Loans & Advances Made	0.96	-	0.96
Investments Made*	-	-	-
Remuneration & Commission	-	1.63	1.63

*Includes Rs.39,000/- made in Associate Company

Balances as on 31 st March 2009			
Investments	1.59	-	1.59
Sundry Creditors	0.31	-	0.31
Loans & Advances	0.96	-	0.96
Remuneration & Commission	-	0.60	0.60
Guarantees Issued	11.20	-	11.20
Guarantees Received	55.00	-	55.00

5. EARNINGS PER SHARE (EPS)

Particulars	2008-09	2007-08
a. Profit After Tax (Rs Crores)		
For Basic EPS	5.51	24.71
For Diluted EPS	5.51	24.71
b. Weighted average number of equity shares (Nos - lacs)		
For Basic EPS	256.08	211.56
For Diluted EPS	256.58	212.37
c. Earning Per Share (Rs)		
Basic	2.15	11.69
Diluted	2.15	11.64
d. Nominal Value Per Share (Rs)	10.00	10.00

- 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, Rajiv Gandhi Salai, Kottivakkam, Chennai – 600 041.

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

7. The Company has not made any investments in MARG International Dredging PTE Ltd and MARG Trading PTE Ltd as on 31-03-09, and hence these companies have not been considered for Consolidated Accounts.
8. Previous year's figures have been regrouped / reclassified / rearranged where ever necessary to bring them in 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
Membership No. 27476

Place : Chennai
Date : 30th June 2009

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
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 2009
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	Aroyga 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 Nilvas Private Limited	India	100%
23	Highrise Housing Projects Private Limited	India	100%
24	Hilary Constructions Private Limited	India	100%
25	Indraprastha Homes Private Limited	India	100%
26	Jai Ganesh Infradevelopers Private Limited	India	100%
27	Kadambani Infrastructure Private Limited	India	100%
28	Kanchanajunga Infradevelopers Private Limited	India	100%
29	Karaikal Infradevelopers Private Limited	India	100%
30	Karaikal Port Private Limited	India	100%
31	Karaikal Power Company Private Limited	India	100%
32	Kirtidhara Infrastructure Private Limited	India	100%
33	Kripa Infrastructure Private Limited	India	100%
34	Magnumopus Infrastructure Private Limited	India	100%
35	Marg Business Park Private Limited	India	100%
36	Marg Communications Private Limited	India	100%
37	Marg Constructions (Chennai) Private Limited	India	100%

Sl. No	Company Name	Country of Incorporation	% of voting power Held as at 31st March 2009
38	Marg Logistics Private Limited	India	100%
39	Marg Port Management Services Private Limited	India	100%
40	Marg Power Projects Private Limited	India	100%
41	Marg Renewable Power Projects Private Limited	India	100%
42	Marg Swarnabhoomi Logistics Private Limited	India	100%
43	Marg Swarnabhoomi Port Private Limited	India	90%
44	Marg Swarnabhoomi Power Private Limited	India	100%
45	Marigold Villas Private Limited	India	100%
46	Mayur Habitat Private Limited	India	100%
47	Mukta Infrastructure Private Limited	India	100%
48	Navita Estates Private Limited	India	100%
49	Navrang Infrastructure Private Limited	India	100%
50	New Chennai Township Private Limited	India	100%
51	New Era Land Developers Private Limited	India	100%
52	OM R Developers Private Limited	India	100%
53	Parivar Apartments Private Limited	India	100%
54	Pathang Constructions Private Limited	India	100%
55	Prospective Constructions Private Limited	India	100%
56	Rainbow Habitat Private Limited	India	100%
57	Riverside Infrastructure (India) Private Limited	India	100%
58	Rupak Constructions Private Limited	India	100%
59	Sanjog Infrastructure Private Limited	India	100%
60	Saptarishi Projects Private Limited	India	100%
61	Saral Homes Private Limited	India	100%
62	Sarang Infradevelopers Private Limited	India	100%
63	Saithang Constructions Private Limited	India	100%
64	Shubham Vihar Private Limited	India	100%
65	Siddhi Infradevelopers Private Limited	India	100%
66	Sigma Infrastructure India Limited	India	74%
67	Singar Constructions Private Limited	India	100%
68	Swarnabhoomi Port Private Limited	India	100%
69	Swatantra Infrastructure Private Limited	India	100%
70	Veda Infradevelopers Private Limited	India	100%
71	Viswadhara Constructions Private Limited	India	100%
72	Wisdom Constructions Private Limited	India	100%
73	Yuva Constructions Private Limited	India	100%

AUDITOR'S REPORT ON CONSOLIDATED CASH FLOW STATEMENT

We have examined the Consolidated Cash Flow Statement of **MARG LIMITED** for the year ended 31st March 2009. 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
Membership No. 27476

Place : Chennai
Date : 30th June 2009

Consolidated Cash Flow Statement

(Rs. in Crores)

S No	PARTICULARS	Year Ended 31-Mar-09	Year Ended 31-Mar-08
A	CASH FLOWS FROM OPERATING ACTIVITIES:		
	Net Profit before Taxation and extraordinary Item	27.85	41.36
	Adjustment for:		
	Depreciation	6.70	3.20
	Profit on sale of Fixed Assets	(35.65)	(3.73)
	Exchange Rate Gain	-	(1.35)
	Dividend Income	(0.01)	-
	Charges for Employee Stock option	0.32	0.36
	Preliminary Expenses Written Off	0.01	0.13
	Interest and Finance Charges (Net)	13.77	14.29
	Operating Profit before Working Capital Changes	12.99	54.26
	Decrease (Increase) in Sundry Debtors	(9.87)	(32.81)
	Decrease (Increase) in Inventories	(114.97)	(74.36)
	Decrease (Increase) in Loans & Advances	(75.61)	(30.92)
	Increase (Decrease) in Current Liabilities	(39.48)	113.33
	Cash Generated from Operations	(226.94)	29.50
	Fringe Benefit tax	(0.28)	(0.22)
	Income Tax	(26.98)	(14.89)
	Cash Flow before extraordinary items	(254.20)	14.39
	Adjustment for extraordinary Items	(0.01)	(0.03)
	NET CASH FROM OPERATING ACTIVITIES (A)	(254.21)	14.36
B	CASH FLOWS FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets	(375.81)	(257.25)
	Purchase of Investments	(7.06)	(0.22)
	Dividend Received	0.01	-
	Sale of Investments	7.00	-
	Proceeds from Sale of Fixed Assets (Net)	0.15	33.05
	NET CASH FROM INVESTING ACTIVITIES (B)	(375.71)	(224.42)
C	CASH FLOWS FROM FINANCING ACTIVITIES:		
	Proceeds from Issuance of Share Capital	-	101.35
	Proceeds from Issue of Share to Minorities*	-	-
	Proceeds from Warrant Application Money	-	(6.46)
	Proceeds from Long Term Borrowings	653.88	206.41
	FCCB Repayment	-	(57.40)
	Short Term Borrowings	-	8.00
	Repayment of Unsecured Loans	(4.00)	-
	Interest and Finance Charges Paid (Net)	(14.70)	(15.28)
	Dividend & Dividend Tax Paid	(5.95)	(6.00)
	NET CASH USED IN FINANCING ACTIVITIES (C)	629.23	230.62
	Net Increase in Cash and Cash Equivalents (A+B+C)	(0.69)	20.56
	Cash and Cash Equivalents at beginning of Period	53.73	33.17
	Cash and Cash Equivalents at end of Period	53.04	53.73

*Note:- Includes Rs 12,500/- for the FY 2008-09.

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 30th June 2009

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
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

(Rs. in Lacs)

S 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	1.00	0.84	275.21	273.36	-	0.58	0.09	-	0.09	-
2	Abhinaya InfraDevelopers Pvt Ltd	1.00	(0.04)	78.54	77.58	-	0.48	(0.04)	-	(0.04)	-
3	Ajani Constructions Pvt Ltd	1.00	(0.10)	561.97	561.08	-	0.54	0.13	-	0.13	-
4	Akarsh Constructions Pvt Ltd	1.00	0.19	197.97	184.29	-	0.68	0.19	-	0.19	-
5	Akhil Infrastructure Pvt Ltd	1.00	(0.56)	5.05	4.61	-	-	(0.29)	-	(0.29)	-
6	Amir Constructions Pvt Ltd	1.00	245.70	419.03	172.32	-	246.11	245.70	-	245.70	-
7	Anumanthai Beachside Resorts Pvt Ltd	1.00	(0.38)	0.66	0.04	-	0.24	(0.24)	-	(0.24)	-
8	Anuttam Constructions Pvt Ltd	1.00	292.60	2,500.58	2,206.97	-	293.07	292.60	-	292.60	-
9	Aparajitha Infrastructure Pvt Ltd	1.00	0.10	85.49	84.38	-	0.48	0.10	-	0.10	-
10	Aprati Constructions Pvt Ltd	1.00	29.89	44.46	13.56	-	-	(0.82)	-	(0.82)	-
11	Arogya Constructions Pvt Ltd	1.00	(0.97)	1,250.80	1,250.77	-	0.48	0.09	-	0.09	-
12	Arohi Infrastructure Pvt Ltd	1.00	26.81	611.26	583.45	-	0.68	(0.41)	-	(0.42)	-
13	Aroopa InfraDevelopers Pvt Ltd	1.00	23.14	50.06	25.92	-	0.09	(0.75)	-	(0.75)	-
14	Atul Infrastructure Pvt Ltd	1.00	172.50	318.15	144.65	-	172.94	172.49	-	172.49	-
15	Avatar Constructions Pvt Ltd	1.00	1.44	564.03	561.58	-	0.71	0.10	-	0.10	-
16	Bay InfraDevelopers Pvt Ltd	1.00	13.29	1,539.42	1,525.13	-	0.77	0.18	-	0.18	-
17	Bharani Infrastructure Pvt Ltd	1.00	(0.58)	307.03	306.62	-	-	(0.31)	-	(0.31)	-
18	Bhushan Tradelinks Pvt Ltd	1.00	(0.67)	90.33	90.00	-	-	(0.14)	-	(0.14)	-
19	Darpan Houses Pvt Ltd	1.00	184.01	280.54	95.52	-	184.60	184.17	-	184.17	-
20	Dasha InfraDevelopers Pvt Ltd	1.00	252.61	747.21	493.60	-	253.21	252.73	-	252.73	-
21	Giri InfraDevelopers Pvt Ltd	1.00	(0.08)	846.04	845.13	-	0.62	0.13	-	0.13	-
22	Goldenview Nivas Pvt Ltd	1.00	(0.15)	30.61	29.76	-	0.32	0.01	-	0.01	-
23	Highrise Housing Projects Pvt Ltd	1.00	0.00	68.61	67.61	-	0.62	0.17	-	0.17	-
24	Hilary Constructions Pvt Ltd	1.00	152.52	399.20	245.68	-	153.22	152.51	-	152.51	-
25	Indraprastha Homes Pvt Ltd	1.00	0.11	34.55	33.43	-	0.62	0.11	-	0.11	-
26	Jai Ganesh InfraDevelopers Pvt Ltd	1.00	(0.18)	128.97	128.15	-	0.41	0.04	-	0.04	-
27	Kadambani Infrastructure Pvt Ltd	1.00	0.08	421.24	420.16	-	0.47	0.05	-	0.05	-
28	Kanchanajunga InfraDevelopers Pvt Ltd	1.00	(0.58)	23.75	23.33	-	0.08	(0.20)	-	(0.20)	-
29	Karaikal InfraDevelopers Pvt Ltd	1.00	(0.30)	1.74	1.04	-	-	(0.11)	-	(0.11)	-
30	Karaikal Port Pvt Ltd	11,425.00	(105.10)	50,725.97	36,506.07	-	-	(62.22)	19.14	(81.35)	-
31	Karaikal Power Company Pvt Ltd	1.00	(0.14)	16.72	15.86	-	-	(0.14)	-	(0.14)	-
32	Kirtidhara Infrastructure Pvt Ltd	1.00	366.47	1,265.41	897.95	-	367.07	366.68	-	366.68	-
33	Kripa Infrastructure Pvt Ltd	1.00	0.19	571.85	570.65	-	0.46	0.08	-	0.08	-
34	Magnunopus Infrastructure Pvt Ltd	1.00	3.30	895.67	891.37	-	0.45	0.08	-	0.08	-
35	Marg Business Park Pvt Ltd	1.00	2.34	642.89	639.54	-	2.35	1.76	0.13	1.61	-
36	Marg Communications Pvt Ltd	1.00	(0.18)	0.85	0.03	-	-	(0.18)	-	(0.18)	-
37	Marg Constructions (Chennai) Pvt Ltd	1.00	(0.19)	1.21	0.40	-	0.02	(0.19)	-	(0.19)	-

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

(Rs. in Lacs)

S 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
38	Marg Logistics Pvt Ltd	1.00	(0.20)	1.09	0.29	-	-	(0.20)	-	(0.20)	-
39	Marg Port Management Services Pvt Ltd	1.00	(0.30)	1.04	0.33	-	-	(0.15)	-	(0.15)	-
40	Marg Power Projects Pvt Ltd	1.00	(0.46)	1.14	0.60	-	-	(0.33)	-	(0.33)	-
41	Marg Renewable Power Projects Pvt Ltd	1.00	(0.38)	1.12	0.50	-	-	(0.25)	-	(0.25)	-
42	Marg Swarnabhoomi Logistics Pvt Ltd	1.00	0.19	0.84	0.03	-	-	(0.19)	-	(0.19)	-
43	Marg Swarnabhoomi Port Pvt Ltd	1.13	0.43	7.45	5.77	-	0.82	0.43	-	0.43	-
44	Marg Swarnabhoomi Power Pvt Ltd	1.00	(0.19)	0.83	0.02	-	-	(0.19)	-	(0.19)	-
45	Marigold Villas Pvt Ltd	1.00	(0.26)	144.74	144.00	-	0.68	(0.09)	-	(0.09)	-
46	Mayur Habitat Pvt Ltd	1.00	(0.03)	65.41	64.44	-	0.54	0.14	-	0.14	-
47	Mukta Infrastructure Pvt Ltd	1.00	0.10	965.77	964.67	-	0.73	0.09	-	0.09	-
48	Navita Estates Pvt Ltd	1.00	0.34	29.90	29.24	-	0.15	(0.12)	-	(0.12)	-
49	Navrang Infrastructure Pvt Ltd	1.00	0.06	118.73	117.67	-	0.38	0.04	-	0.04	-
50	New Chennai Township Pvt Ltd	5,100.00	1,772.11	36,109.12	24,037.02	-	3,362.64	1,420.60	6.60	1,414.00	-
51	New Era Land Developers Pvt Ltd	1.00	0.09	518.95	517.86	-	0.52	0.09	-	0.09	-
52	O M R Developers Pvt Ltd	1.00	23.17	744.76	554.58	-	-	(0.27)	-	(0.27)	-
53	Parivar Apartments Pvt Ltd	1.00	(0.35)	56.67	56.02	-	-	(0.16)	-	(0.16)	-
54	Pathang Constructions Pvt Ltd	1.00	0.10	355.02	353.92	-	0.61	0.14	-	0.14	-
55	Prospective Constructions Pvt Ltd	1.00	0.08	82.47	81.39	-	0.45	0.05	-	0.05	-
56	Rainbow Habitat Pvt Ltd	1.00	(0.30)	0.70	-	-	-	(0.13)	-	(0.13)	-
57	Riverside Infrastructure (India) Pvt Ltd	7,300.00	(40.66)	15,358.41	8,099.08	-	0.99	(12.46)	0.60	(13.06)	-
58	Rupak Constructions Pvt Ltd	1.00	(0.09)	138.18	137.26	-	0.55	0.11	-	0.11	-
59	Sanjog Infrastructure Pvt Ltd	1.00	6.74	638.45	630.71	-	7.32	6.81	-	6.81	-
60	Saptarishi Projects Pvt Ltd	1.00	(0.32)	6.20	5.51	-	-	(0.16)	-	(0.16)	-
61	Saral Homes Pvt Ltd	1.00	0.19	24.84	23.65	-	0.37	0.14	-	0.14	-
62	Sarang Infradevelopers Pvt Ltd	1.00	(0.28)	1,147.73	1,152.14	-	0.99	0.07	0.38	(0.31)	-
63	Sathsang Constructions Pvt Ltd	1.00	(0.06)	106.15	105.21	-	0.69	0.18	-	0.18	-
64	Shubham Vihar Pvt Ltd	1.00	647.38	881.55	233.17	-	647.74	647.17	-	647.17	-
65	Siddhi Infradevelopers Pvt Ltd	1.00	(0.96)	419.09	419.06	-	0.80	0.15	-	0.15	-
66	Sigma Infrastructure India Ltd	3.70	9.44	14.44	-	-	53.19	10.83	3.57	7.25	1.00
67	Singar Constructions Pvt Ltd	1.00	0.04	375.84	374.80	-	0.52	0.19	-	0.19	-
68	Swarnabhoomi Port Pvt Ltd	1.00	(0.44)	1.26	-	-	-	(0.31)	-	(0.31)	-
69	Swatantra Infrastructure Pvt Ltd	1.00	913.23	1,308.82	384.59	-	913.70	913.21	-	913.21	-
70	Veda Infradevelopers Pvt Ltd	1.00	(1.74)	595.12	515.86	-	(1.50)	(1.50)	-	(1.50)	-
71	Viswadhara Constructions Pvt Ltd	1.00	0.03	246.12	245.08	-	0.39	0.10	-	0.10	-
72	Wisdom Constructions Pvt Ltd	1.00	(0.45)	656.74	656.19	-	-	(0.31)	-	(0.31)	-
73	Yuva Constructions Pvt Ltd	1.00	0.30	129.95	128.65	-	0.75	0.29	-	0.29	-

Balance Sheet Abstract

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year (Amount in Rupees Thousands)

Public Issue Rights Issue
 Bonus Issue Private Placement

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

Total Liabilities Total Assets

IV. Source of Funds (Amount in Rupees Thousands)

Paid up capital Reserves & Surplus
 Secured Loans Unsecured Loans
 Deferred Tax Liability

V. Application of Funds (Amount in Rupees Thousands)

Net Fixed Assets Investments
 Net Current Assets Accumulated Losses
 Miscellaneous Expenditure

VI. Performance of Company (Amount in Rupees Thousands)

Turnover Total Expenditure
 Profit before Tax Profit after Tax
 Earning per Share in Rs Dividend rate

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

Item Code No.
 Product Description

CORPORATE INFORMATION



Chairman & Managing Director

Mr. G R K Reddy



Directors

Mrs. V P Rajini Reddy
Mr. G Raghava Reddy
Mr. Arun Kumar Gurtu
Mr. Karan Jit Singh Jasuja
Mr. Sai Baba Vutukuri



Company Secretary

Mr.Gouri Shanker Mishra



Auditors

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



Registered Office

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



MARG Limited
4/318, Rajiv Gandhi Salai
Kottivakkam, Chennai – 600 041, India.
Ph: 044-2454 1111 (9 lines)
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