MARG
Spirit of Visioneering

MONETISING ASSETS.
ASSETISING MONEY.

MARG Limited > Annual Report 2009-10

MARG
Spirit of Visioneering

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Forward-looking statements

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans' 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents (Page No.)

A reference to the MARG insignia

- MARG's insignia represents glory, prosperity, progress and success
- The logo's orange blocks symbolise life and energy, emanating from a solid foundation. It is a reference to sharing energies and knowledge, an integral part of our corporate culture
- Orange also stands for human values and creativity, which every individual at MARG is encouraged to possess
- The corporate blue colour stands for professionalism and technological advancement
- The orange blocks, which score across the logo, epitomise MARG's relentless vision of being pioneers and strive for greater heights of success

Disclaimer

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A TRISYS product
info@trisyscom.com

MARG Limited is one of India's fastest growing infrastructure creators.

Pioneering the development of economic growth centres.

Capital asset creation marked by investments in five core values – team work, character, creativity and innovation, distinctive quality and positive attitude.

This is the result: a portfolio that now comprises of Karaikal Port, MARG Swarnabhoomi, Bijapur and Bellary airports, MARG Junction Mall and urban residential clusters.

These investments are already demonstrating that the widest good can reach the largest number in the shortest time.

Vision
Creating landmarks, building values

Mission
- To assist governments, corporates, societies and individuals in building structures and spaces that will inspire them to give their best
- Harnessing the power of the human spirit concurrently with superior technology to optimise value for our clients seeking to be driven by our conscience in every aspect of our business

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

Legacy
The Company was incorporated as Marg Constructions Limited in 1994 by Mr GRK Reddy, a first-generation entrepreneur possessing rich experience in investment banking and financial advisory services. The Company changed its name to MARG Limited on December 17, 2007.

Profile
MARG was established with the express purpose of engaging in civil engineering contracts. In 1997-98, the Company diversified into the development of real estate and infrastructure projects and with this experience, ventured into EPC contracts, road construction and other infrastructure businesses.

Business
MARG and its subsidiaries possess designing, construction, development and operational capabilities in marine construction, dredging, integrated townships, IT parks, commercial spaces and residential houses/apartments. The Company was an early mover in the development of residential and commercial spaces on the Old Mahabalipuram Road (OMR), Chennai's most prominent IT corridor.

Presence
MARG is headquartered in Chennai with operations across Tamil Nadu, Andhra Pradesh, Karnataka, Uttar Pradesh, Haryana and Delhi among other states.

Team
703 members as on 31 March 2010

Fund raising
MARG made its maiden public issue in April 1995. To meet growing fund requirements, it made an FCCB issue in June 2006 and a GDR issue in February 2007. The Company also made a series of preferential allotments across 2005-2009 to its promoters and other investors with the objective of infusing long-term capital. In May 2010, MARG had raised funds by way of Qualified Institutional Placement of shares to the tune of Rs 106.94 crs.

Certification
MARG received the prestigious ISO 9001:2008 certification for carrying out activities in the planning and development of commercial, residential and turnkey projects.

Listing
MARG's shares are listed on the Bombay Stock Exchange and The Madras Stock Exchange. While the Company's shares are also traded on the National Stock Exchange under the permitted securities category.

Key financials – 2009-10

(Rs cr)

	Revenue growth		EBITDA growth		Profit after tax growth		Cash profit growth	
	64% ↑		62% ↑		94% ↑		79% ↑	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
	463.2	760.9	83.0	134.7	40.9	79.5	47.3	84.7

	EBITDA margin		Net margin		RONW		ROCE	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
	18%	18%	9%	10%	12%	20%	13%	16%

Four business verticals. One objective.

Unleashing economic prosperity.

VERTICAL 1
Infrastructure development

Strategic business unit	Subsidiary	MARG ownership in subsidiary	Project / brand name	Location	Key developments
A. Port	Karaikal Port Private Limited	100 percent	Karaikal Port	Karaikal, Puducherry	■ Phase I commercialised in June 2009 ■ Cargo handling capacity of 5.2 MMTPA ■ Phase IIA development in progress; expected completion by FY 2011-12
B. Ship repair yard	MARG Swarnabhoomi Port Private Limited	90 percent	Captive ship repair facility	Mugaiyur, Tamil Nadu	Formal approval received from the Government of Tamil Nadu for development of a captive ship repair yard with a minor port
C. Dredging	MARG International Dredging PTE Limited, Singapore	100 percent	–	–	■ Successful completion of dredging services for Phase I of Karaikal Port along with ongoing dredging for Phase 2A ■ Ownership of a cutter suction dredger, MARG Cauvery ■ Exploring opportunities for tapping external customers
D. Logistics	MARG Logistics Private Limited	100 percent	–	–	■ Currently engaged in providing end-to-end logistic services and solutions to Karaikal Port customers ■ Exploring possibilities for acquiring third-party clients
Urban and industrial infrastructure (Integrated city)	New Chennai Township Private Limited	100 percent	MARG Swarnabhoomi (SEZs)	Seekinankuppam, 89 km from Chennai	■ Two SEZs in the field of engineering services and multi-services ■ Total area of 312 acres in the processing zone and 300 acres in the non-processing zone for establishing residences, schools, hospitals, parks, recreation centres and malls, among others

VERTICAL 2
EPC (engineering–procurement–construction)

Engaged in the implementation of integrated turnkey solutions for greenfield and brownfield projects. MARG completed the following projects in the EPC space:

- Integrated port development for 5.2 MMT with two berths, breakwater and dredging of more than 16 million cubic meters
- Commercial space of over 0.75 million square feet
- Residential space of around 0.5 million square feet
- Wind power projects for over 100 MW
- Road construction projects of over 60 km

VERTICAL 3
Real estate development

Project	Subsidiary	Key line of activity
MARG Junction	Riverside Infrastructure (India) Private Limited	■ Development of retail, commercial and leisure space in Chennai ■ Project development in three phases with Phase I nearing advanced stages of completion
Urban smart homes		
Pushpadruma	Directly owned	■ Development of a smart home project in Kalavakkam on the Old Mahabalipuram Road, Chennai ■ Number of units to be constructed are 466, of which 395 have already been sold (as on March 31, 2010) ■ Construction expected to be completed by June 2011 (Phase I)
Ultra luxury villas		
Tapovan	Sarang Infra Developers Private Limited	■ Project comprising the development of premium villas in Pavunjur village off the East Coast Road in Chennai. ■ Total units to be constructed are 124, of which 17 villas have been completed in Phase I
Integrated townships		
Vishwashakthi	Directly owned	■ Project comprising an integrated township at Tirupathi, Andhra Pradesh ■ Total units to be constructed include 513, of which 105 units have been sold (as on March 31, 2010) out of 192 of Phase I ■ Development includes the construction of residential apartments, a school, serviced apartments, a convention centre, commercial complex and a club house ■ Phase I project expected to be completed by June 2011
Affordable homes		
Navratna	New Chennai Township Pvt. Ltd	■ Smart home project being developed at MARG Swarnabhoomi ■ Total construction comprises 580 units, of which 360 have been sold (as on March 31, 2010) ■ Construction completed and handing over is in progress and Phase I expected to be completed by December 2010 and Phase II by March 2011
Utsav	New Chennai Township Pvt. Ltd	■ An affordable housing project developed at MARG Swarnabhoomi ■ The total units to be constructed are 720; the first phase of 320 apartments was launched in October 2009, of which 324 units have been sold (as on March 31, 2010) ■ Approvals were obtained and construction is poised to start in the first quarter of 2010-11

VERTICAL 4
Others

Project	Subsidiary/ special purpose vehicle	Key line of activity
Airport	MARG Aviations Pvt. Ltd (Special Purpose Vehicle)	■ MARG got the LoA for the development and operation of a greenfield airport at Bijapur by the Government of Karnataka in November 2008 on a BOT basis under the public-private partnership (PPP) model for 30-year concession period extendable for another two similar terms. ■ The total project cost for Phase I is estimated at around Rs 150 cr. ■ The selection of master planners for this project is in progress.
Multi-level car parking (MLCP)	Future Parking Private Limited (Special Purpose Vehicle)	■ The project for the development of multi-level car parking at Wallace Garden, Chennai, was awarded to the consortium of MARG and Apollo Hospitals Enterprise Limited in February 2009 on a BOT basis for 20 years.

Realising our vision one step at a time. Key developments of 2009-10.

MARG Limited and Karaikal Port Private Limited signed the share subscription agreement and shareholders' agreement with the India Infrastructure Fund, managed by IDFC Project Equity Company Limited in March 2010. The fund will invest Rs 150 cr in the Karaikal Port Private Limited.

Karaikal Port received a total of 170 major vessels till March 31, 2010, since the completion of Phase 1 development by receiving its project cargo vessel on April 15, 2009. This includes coal, project cargo, cement, sugar and agro, OSV / PSV, among others.

MARG entered into a joint venture with Virginia Tech (USA) to set up the Virginia Tech MARG Swarnabhoomi campus (MoU signed on March 9, 2009) with an objective of fostering education as well as scientific and technological engagements.

Spiritual leader Sri Sri Ravi Shankar laid the foundation stone for the Art of Living Meditation Centre, the Swarnabhoomi Academy of Music and Utsav Residential project at MARG Swarnabhoomi on November 27, 2009.

MARG signed a project development agreement on January 18, 2010, with the Government of Karnataka to develop the Bijapur airport.

From the Chairman's desk

“We are redefining urbanism with unique, sustainable and inclusive models. MARG today stands for MODELS FOR ACCELERATED REGIONAL GROWTH.”

Dear Shareholders

“Never before in history has innovation offered so much to so many in so short a time”, Bill Gates wrote on the Internet revolution.

At MARG, I can say with conviction that we have embarked on an innovation-led development that few have attempted.

Today we are India's fastest-growing infrastructure organisation developing future ready cities and industrial clusters with a vision and commitment to create socially, economically and culturally sustainable models.

MARG is in the business of holistic regional development that unlocks economic prosperity for all. We are perhaps the only company in India with a portfolio that comprises a port, SEZs, airport, commercial property (mall) and residential dwelling units (affordable housing, urban smart homes, integrated townships and ultra-luxury homes).

In doing so, we have created a unique and distinctive positioning that can be simply explained in just four words – assetising-money, monetising-assets. This exclusive identity translated into robust financials in 2009-10.

- Turnover increased 64 percent from Rs 463.2 cr in 2008-09 to Rs 760.9 cr
- EBITDA increased 62 percent from Rs 83 cr in 2008-09 to Rs 134.7 cr
- Interest cover increased 60 percent from 5.6 in 2008-09 to 9
- Cash profit increased 79 percent from Rs 47.3 cr in 2008-09 to Rs 84.7 cr
- Post-tax profit increased 94 percent from Rs 40.9 cr in 2008-09 to Rs 79.5 cr
- EPS (earnings per share, basic) increased 88 percent from Rs 16.0 in 2008-09 to Rs 30.1
- Book value per share increased 19 percent from Rs 134.7 in 2008-09 to Rs 160.3
- Return on capital employed increased from 13 percent in 2008-09 to 16 percent

Our corporate philosophy. Where it all begins.

At MARG, we build a community of assets that drive the economy.

Today's domestic scenario is characterised by a strong 'infrastructural deficit' that is not only staggering economic growth but also affecting life quality. Our metros are saturated with a population overflow; our legacy power plants are unable to meet net energy requirements; our city roads are not broad enough to shoulder growing traffic; our airports are fewer than necessary, creating chaos on ground and in air; our inadequate seaports lead to long delays. Although the Central Government has allocated investments of over USD 510 billion for the Eleventh Five Year Plan period to reinforce the country's infrastructure, there is a fear that benefits will not translate into intended value in view of unconnected assets.

At MARG, we focus on the creation of economic centres that are 'uncity-like'. Importantly enough, our goal is to create completely integrated spaces where individuals from all walks of life can work and live together. This will go a long way in addressing the most fundamental individual need – of climbing the social and financial value chain. A community that is aspirational will create a self-sustaining ecosystem that will unleash prosperity not only within the community 'walls' but in the periphery as well.

The business of catering to basic individual needs – clean water, hygiene and sanitation; on-switch power, uncrowded transportation and access to quality leisure – is recession-proof. This explains the solidity in our numbers in the last two years even as the world passed through a severe economic meltdown.

The next step. Assetising money.

A recent McKinsey report titled 'India's urban awakening: Building inclusive cities sustaining economic growth' stated that cities are integral to India's economic prosperity. In 2008, an estimated 340 million people lived in urban India, representing over a third of the country's population. Over the next 20 years, urban India is expected to create 70 percent of all new jobs in the country and these urban jobs will be twice as more productive as equivalent to, rural jobs. Consequently, the population of India's cities could swell to 590 million – or twice the population of the United States today – by 2030, constituting 40 percent of India's urban population. Over the next 20 years, we will witness an urban transformation the scale and speed of which has not transpired anywhere else in the world (expect China). This will warrant the building of 700–900 million square metres of residential and commercial space in India.

Swarnabhoomi: At MARG, we are already preparing for the future. Our Swarnabhoomi project is spread across a

cumulative 613 acres notified for Engineering Services SEZ, Multi-Services SEZ and residential and commercial development. We have already tied in a number of reputed companies in the engineering and R&D sectors. Besides, we signed up with the prestigious Virginia Tech University to impart world-class education, including Masters and PhD courses in a variety of new-generation disciplines including nanotech engineering and biotechnology, among others. In addition, we established a 1,200-seat semi-residential school and launched 1,300 residential units, of which we sold over 85 percent.

Karaikal Port: The year 2009-10 was special for the Karaikal Port as it was commissioned and received its first vessel in April 2009. Within the first operational year, the port managed 1.6 million tonnes of cargo, 170 vessels, enlisted 18 customers, invited Rs 150 cr worth of private equity (from India Infrastructure Fund) and received the prestigious award of 'Outstanding Achievement - Port Development & Port Management' conferred by the Shipping, Marine and Ports (SMP) Expo 2010. Besides, the port also turned in a cash profit in the year of being commissioned, vindicating investments.

The port caters to a range of commodities comprising of coal, cement, raw sugar, agro and other project cargo. State-of-the-art cranes facilitate effective material handling. The result is that, we report turnaround in 2.5 days* compared with the national benchmark of 5-6 days. We achieved financial closure of Rs 1,500 cr for Phase II of the project, which will enhance our port capacity to 21 MMTPA by FY 2011-12.

Bijapur and Bellary airports: I am happy to announce that we bagged the development rights of a greenfield airport in Bijapur from the Government of Karnataka in October 2009. The airport project represents a strong addition to our existing portfolio. It presents us with the opportunity to unleash regional development through the creation of an airport and other supporting physical and social infrastructure. Master planning is currently underway and the project is expected to be completed in five years. MARG is also partnering with the Government of Karnataka to develop a world-class greenfield airport at Bellary. This airport will be a magnificent gateway to the exotic second-fastest growing district in Karnataka after Bangalore. MARG will operate and maintain the airport for 30 years (extendable by an additional 30 years), following which, it will be transferred to the state. MARG set up a special purpose vehicle (SPV) in the name of MARG Sri Krishnadevaraya Airport Ltd to execute the project. I see this airport as a giant leap towards bridging the gap between the potential growth centres and urban centres in the state.

Closing the sequence. Monetising assets.

Over the years, MARG has developed a diversified portfolio of assets – some in partnership with governments (BOT) and others directly owned by us. Some of these projects are operational and provide revenue visibility for the Company; the Karaikal Port for instance, turned in an income of Rs 49.69 cr during the period under review and EBIDTA of Rs 24.58 cr, in its first year of operation itself, clearly one of the first few such instances in India today. MARG Swarnabhoomi's revenue contribution stood at Rs 149.91 cr and EBIDTA stood at Rs 48.65 cr.

Surging ahead

An innovation-driven mindset, talented intellectual pool, solid balance sheet and an unwavering focus on assetising-money cum monetising-assets will not only strengthen our prospects in 2010-11, and also over the years to come.

Sincerely,

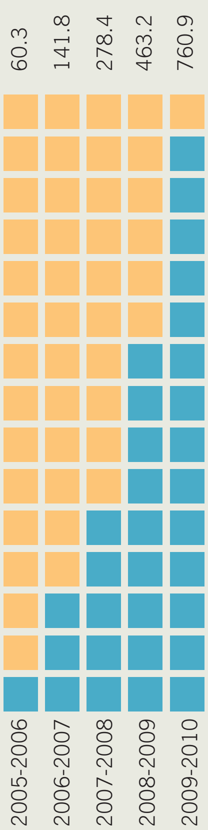
GRK Reddy

Chairman and Managing Director

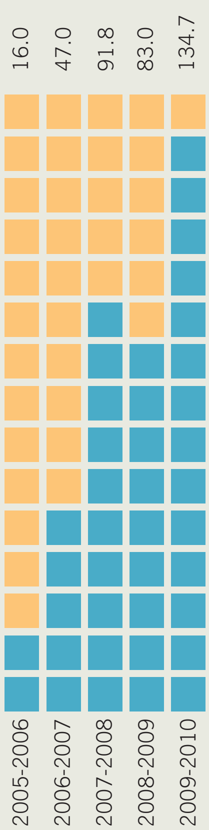
*For Coal Vessels

Investing in our present will strengthen our future.

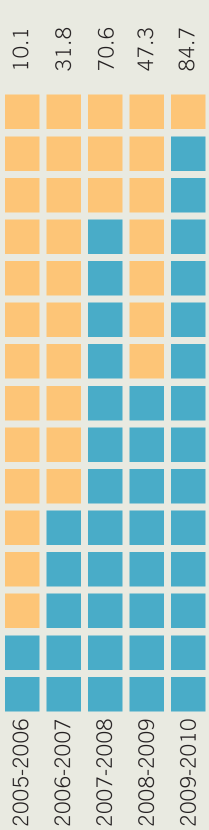
Revenue (gross)
(Rs cr)



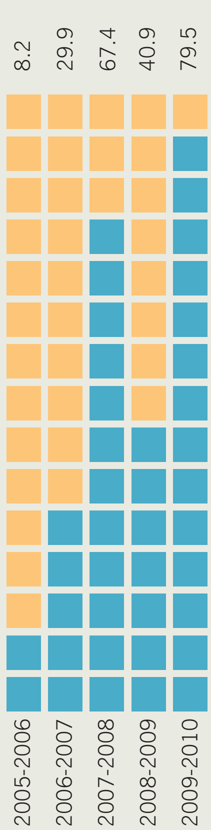
Operating profit
(Rs cr)



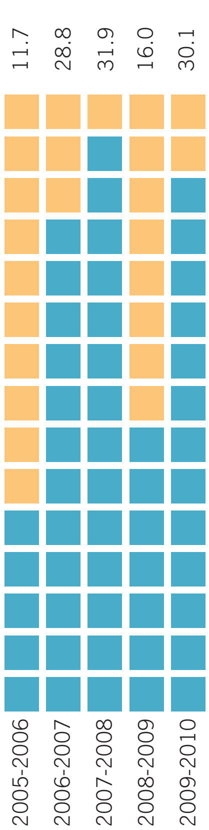
Cash profit
(Rs cr)



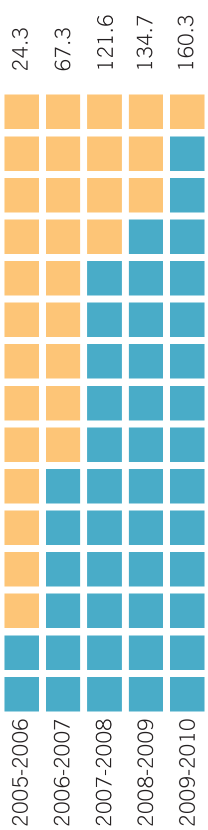
Post-tax profit
(Rs cr)



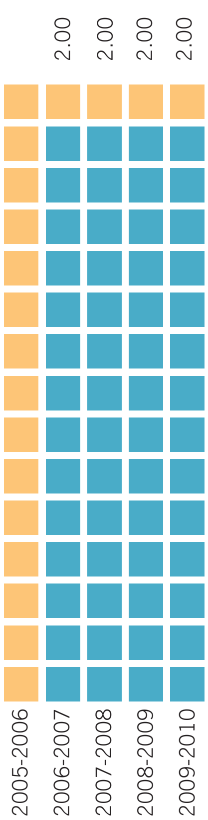
EPS, basic (Rs)

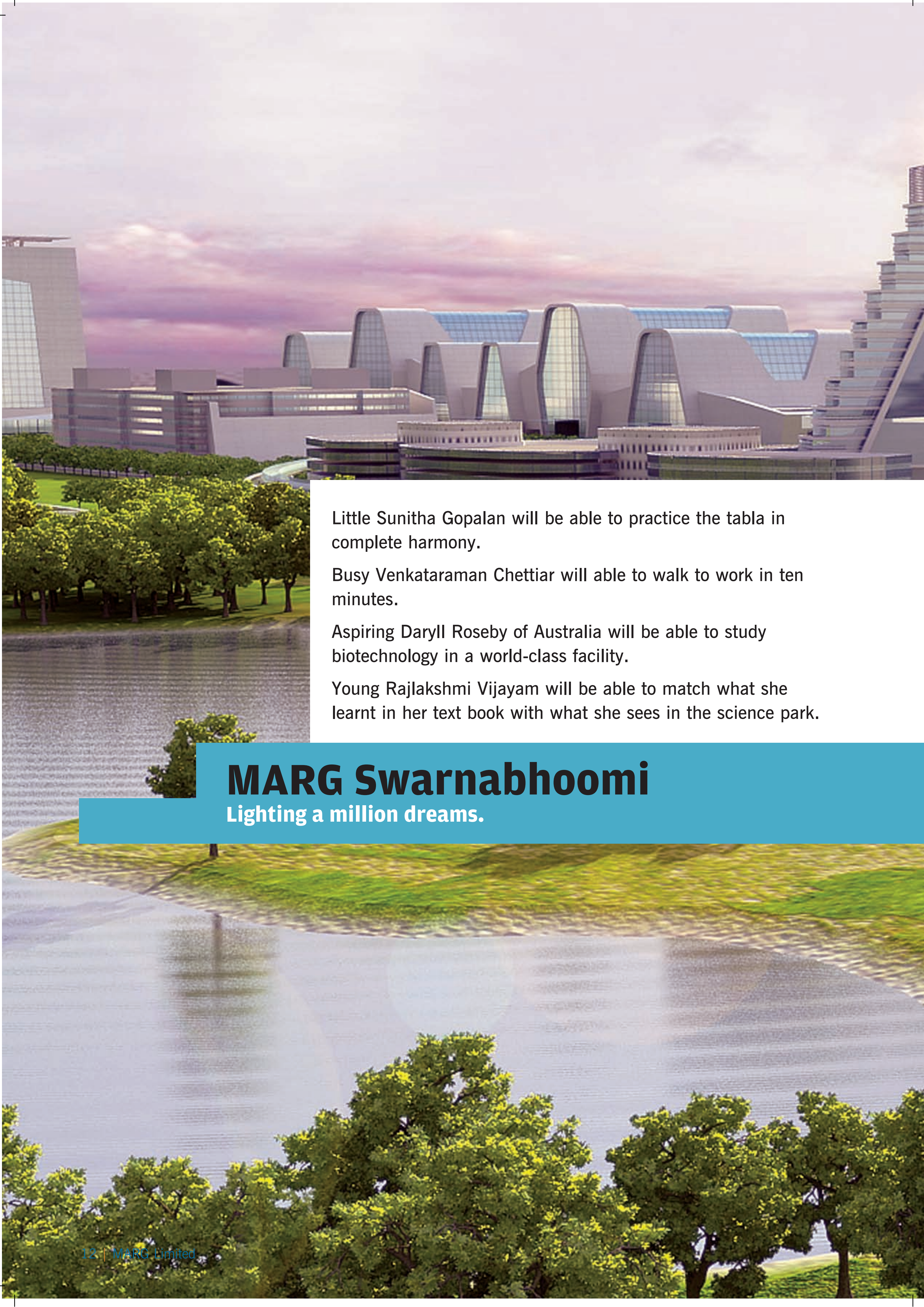


Book value per share (Rs)



Dividend per share (Rs)





Little Sunitha Gopalan will be able to practice the tabla in complete harmony.

Busy Venkataraman Chettiar will able to walk to work in ten minutes.

Aspiring Daryll Roseby of Australia will be able to study biotechnology in a world-class facility.

Young Rajlakshmi Vijayam will be able to match what she learnt in her text book with what she sees in the science park.

MARG Swarnabhoomi

Lighting a million dreams.

Conceptualise strategic economic growth centre – MARG Swarnabhoomi

- MARG established two SEZs at Seekinankuppam near Chennai through a wholly-owned subsidiary, namely New Chennai Township Private Limited (NCTPL).
- NCTPL, under the brand name of MARG Swarnabhoomi, undertook the setting up of two SEZs in engineering and multi-services across 312 acres in the SEZ processing zone and 300 acres in the non-processing zone to establish residences, schools, hospitals, parks, recreation centres and malls, among others.
- MARG adopted the differentiated City – Un-city positioning for Swarnabhoomi.
- MARG enlisted a number of reputed customers for the engineering SEZ including Grundfos Vanspall Engineering, Virgo and Polyhose, among others.
- MARG signed an MoU (Memorandum of Understanding) with the prestigious Virginia Tech University in 2009-10 for the establishment of an educational institute offering Masters and PhD programmes in a number of courses (such as automobile engineering, nanotechnology and biotechnology, among others).
- Swarnabhoomi Academy of Music, expected to be operational by August 2010, is among the few such centres in India to offer dedicated music courses.
- A dedicated science park will be established; reputed names including Incogen, Biozen, Symphony, Cromoz, Laxai, Avanti and Micro Labs have booked space.

1,300

residential units in 2009-10

A cement plant in the Perambalur district (Tamil Nadu) plans to enhance capacity on account of easy exports to Southeast Asia.

A power plant in Mettur district (Tamil Nadu) is being commissioned on account of easy access to imported coal.

A textile mill in Coimbatore intends to augment its spindle capacity owing to cost-effective exports.

A heavy engineering conglomerate in Tiruchirapalli stands on its commitment to export a boiler to a prestigious customer.

They have one entity to thank.

The Karaikal Port in Puducherry.

Commissioning assets in Karaikal Port for regional development

- Phase-I development was completed in April 2009 and the port received the first project cargo vessel on April 15, 2009.
- The project is being developed by Karaikal Port Private Limited (KPPL), a subsidiary of MARG.
- The Karaikal Port in Puducherry, MARG's flagship project, started Phase I commercial operations in June 2009.
- The port (capacity 5.2 MMT of cargo in Phase 1) had catered to 170 vessels as on March 31, 2010.
- Phase-IIA development is scheduled for completion by FY 2011-12, which will increase the cargo handling capacity to 21 MMTPA.
- Through subsidiary MARG International Dredging Pte Limited (MIDPL), MARG owns a cutter suction dredger named MARG Cauvery
- MIDPL set up an office in Singapore to examine capacity expansion and explore the possibility of handling projects for external clients.

cargo handling capacity up to

21 MMTPA

A builder wants to construct a two-lane flyover within the stipulated schedule and demands a master design.

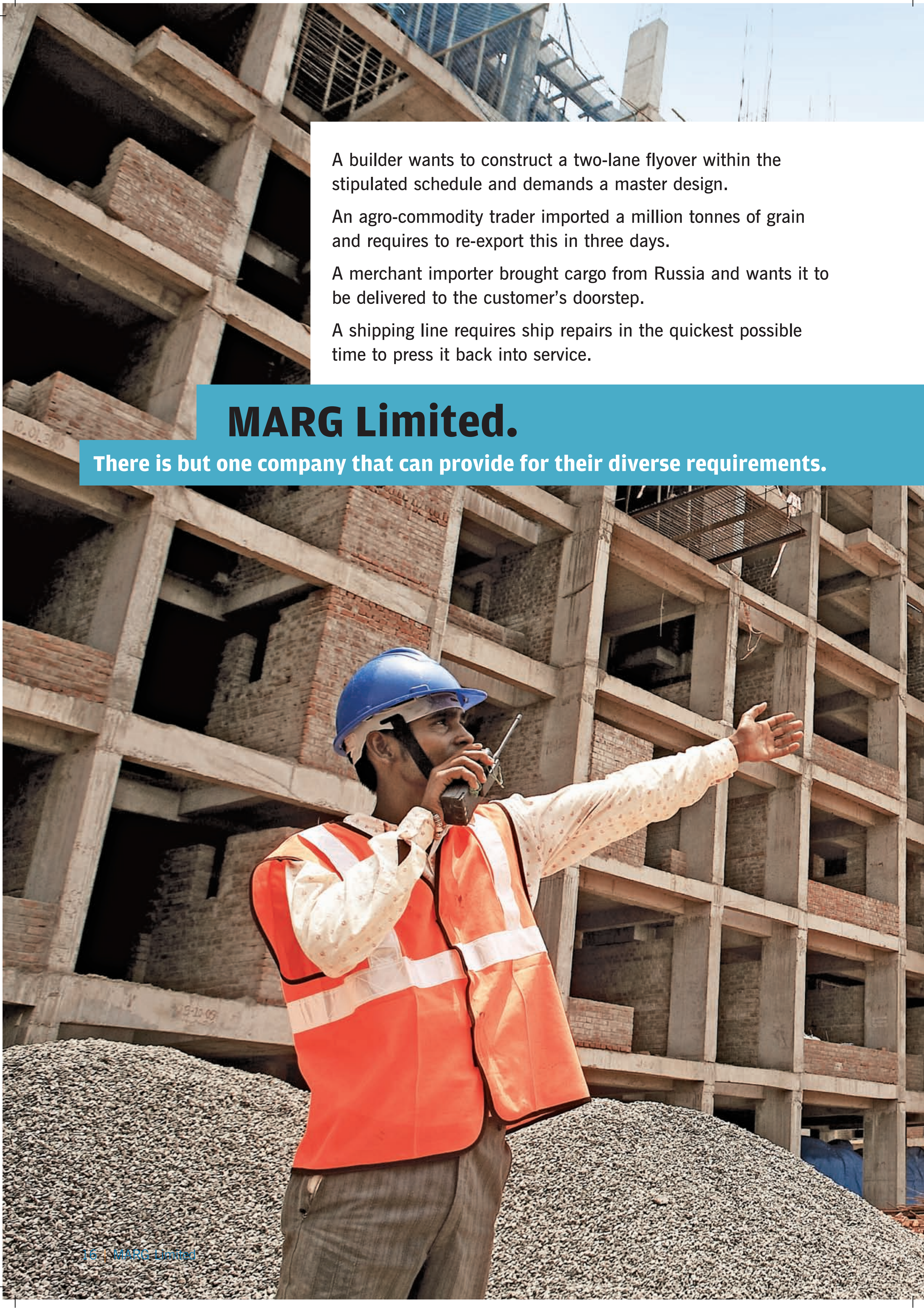
An agro-commodity trader imported a million tonnes of grain and requires to re-export this in three days.

A merchant importer brought cargo from Russia and wants it to be delivered to the customer's doorstep.

A shipping line requires ship repairs in the quickest possible time to press it back into service.

MARG Limited.

There is but one company that can provide for their diverse requirements.



Convert resources into synergic business opportunities creating a virtuous growth cycle.

- MARG's EPC (engineering–procurement–construction) division provides integrated turnkey construction solutions.
- The range of services includes integrated design, engineering, material procurement, field services, construction and project management services for infrastructure and real estate sector projects.
- The Company caters to greenfield and brownfield projects. It offers engineering, procurement and construction services for workplace buildings, IT parks, office complexes, institutional buildings (business educational institutes, hospitals and schools), living spaces (affordable housing and high-end villas), industrial clusters (SEZ), marine infrastructure (breakwater, berthing and dredging), urban infrastructure (airport, shopping arena, multiplex, hotel, roads, water and sewage pipelines and desalination plants, among others) and energy transmission lines and sub-stations.
- The Company's EPC division completed dredging for Phase-I of Karaikal Port and is currently involved in Phase-IIA.
- Logistic service is another new area that MARG is actively pursuing, which is vital to the success and growth of the port business.
- MARG Logistics Private Limited (MLPL), MARG's wholly-owned subsidiary, pursues opportunities in this area and is currently handling Karaikal Port logistics.
- The Company created a virtuous growth cycle reflected in its numbers – turnover grew at a CAGR of 75 percent over the last three years from 2006-07 till 2009-10, EBIDTA grew at a CAGR of 42 percent during the same period and net profit grew at a CAGR of 39 percent.

Net profit grew at a CAGR of 39%

...**Benefitting** from its presence in India, one of the world's largest population pools, young in demographics, significantly under-penetrated and one of the few countries to report positive economic growth in excess of 5% (GDP growth of 7.4 percent in 2009-10)

...**Delivering** growth arising out of a growing demand for quality infrastructure

...**Investing** in growth areas through capacity augmentation, synergic diversification and cost-optimisation

...**Leveraging** our brand as well as an integrated range of turnkey EPC (engineering, procurement and construction) services

The investor driven MARG Limited is enhancing value in various ways.

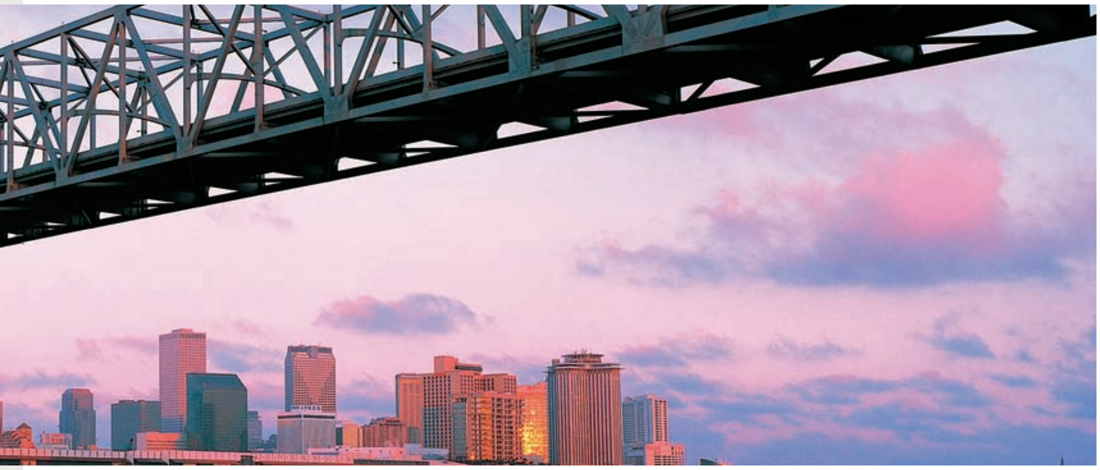
...**Building** on the strength of our subsidiaries/joint venture partners/special purpose vehicles to offer specialised services

...**Expanding** our governance through best practices, robust financial reporting and disclosure standards

...**Maintaining** an excellence in corporate social responsibility and sustainability

...**Upholding** a long-standing commitment to balance the interests of debt and equity holders (debt-equity ratio of 1.2 as on March 31, 2010)


STAR ZETA



- MARG
  - Infrastructure development
    - Marine infrastructure
      - Ports
      - Ship repair yard
      - Dredging
      - Logistics
    - Urban and industrial infrastructure
      - Integrated city
  - EPC
  - Real estate
    - Residential spaces
    - Commercial spaces
  - Other business
    - Airports
    - Multi-level car parks
    - SIGNA

Our business structure. Simple and straightforward.

Business segment review – 1

Infrastructure development

- **Segment status within the Company:** Largest in terms of capital investment/asset base
- **Portfolio:** Marine infrastructure and services (Karaikal Port, ship repair yard, dredging, logistics and warehousing), urban and industrial infrastructure (integrated township, MARG Swarnabhoomi)

Overview

MARG forayed into the infrastructure development space through two of its flagship projects – the Karaikal Port and Marg Swarnabhoomi.

The Karaikal Port, strategically located on the East Coast mid-way between the Chennai and Tuticorin ports, is currently operational with a capacity of 5.2 MMTPA (million metric tonnes per annum) and phased expansion is underway to eventually scale up to 47 MMTPA. MARG was also awarded a contract to develop a minor port-cum-ship repair yard at Mugaiyur. In addition to marine infrastructure, MARG also offers related services such as dredging and logistics.

MARG Swarnabhoomi is currently being developed as an aspirational habitat where all the requirements of business, living and learning are holistically addressed. It comprises two SEZs and offers employment opportunities, and homes catering to all segments of people, in addition to amenities, physical and social infrastructure and a unique knowledge of the eco-system. This development model would generate widespread benefits for people in the surrounding regions, create a self-sustaining economy and serve as a replicable model for urban development across the country.

MARG takes pride in its position as a 'Region Developer', focusing on inclusive growth and development by transforming the socio-economic landscape in its geographies of operation. By evolving innovative Models for Accelerated Regional Growth (MARG) through infrastructure creation, the organisation stimulates economic activity, creates employment opportunities and improves the standard of living of the people in the impact area. This, in turn, creates additional demand for other physical and social infrastructure, which MARG is equipped to service through its various business units.

A1. Marine infrastructure and services: Karaikal Port

Overview

Karaikal is a seaside town inside Puducherry Union Territory. Historically, Karaikal was an active maritime region trading with Southeast Asia. The city is situated 280 coastal km south of the Chennai Port and 360 coastal km north of the Tuticorin Port. The gap of 640 km between Chennai and Tuticorin compelled users in central Tamil Nadu to incur additional road-rail freight cost of up to 150 km. The Company strategically selected this location and invested it with deep-water multi-berth port facilities.

The port deals in multiple commodities like coal, sugar, cement, fertilisers, project cargo, agro products, general cargo and is in the process of adding more to its cargo handling portfolio.

Complementing the port is the presence of well-connected national and state highways, linking it to major industrial cities and towns in central Tamil Nadu/ Puducherry. The port is also connected by a rail link that leads to attractive transportation costs.

Segment strategy

- Improve efficiency to reduce the vessel turnaround time
- Achieve a rail-road transportation mix of 80:20 (currently 60:40) to reduce transportation cost
- Create diverse cargo handling capabilities including liquid cargo like crude, edible oil, molasses and chemicals, among others
- Recruit talented and qualified members

Key strengths

- **State-of-the-art equipment:** The Company invested substantially in procuring state-of-the-art equipment to enhance port efficiency, reduce vessel turnaround time and lower cost structures.
- **Intellectual strength:** We possess rich human capital across all divisions. We recruit qualified and experienced people.

The cement, steel, power, sugar, agro, refineries and engineering industries are witnessing rapid growth in Tamil Nadu, which has increased port traffic. The Karaikal Port will help plug the demand-supply gap in Tamil Nadu by being able to service the needs of the other industrial sectors as well.

- **Ability to handle large vessels:** The port has the facility to handle large vessels (up to Capesize, on completion of Phase 2A).
- **Single window clearance and end-to-end logistics:** We developed our system and relentlessly re-orient the same, time and again, in a manner to provide hassle free services to our customers covering the entire scope of operations including customs clearing, goods checking, goods handling and delivery of the cargo/goods at the doorstep of the customers to reduce inconveniences and make available the best of services at all times.

Highlights, 2009-10

- Completed Phase I development in April 2009, nearly three months ahead of schedule
- Discharged about 1.6 million tonnes of multi-cargo in the very first year of operations
- Handled various cargo types (coal, cement, sugar, project cargo, agro and OSV/PSV)
- Achieved an average discharge rate of 25,000 MT and peak discharge rate of 33,000 MT in February 2010
- Carried out dredging operations and obtained the NSPC clearance for 12.5 m draft valid till 2014 and 24/7 operations
- Berthed and discharged gearless Panamax vessel, the first port on the Tamil Nadu coastline to do so
- Obtained investment-grade credit rating from CARE
- Received MOEF approval for the development of Phase IIA in September 2009
- Commissioned railway sidings within six months of commencement of commercial operations
- Executed rail loading and dispatch of three rakes for three customers in a single day
- Awarded 'Outstanding achievement in port development and port operations'
- Achieved average vessel* turnaround time of about 2.5 days
- Achieved peak road dispatch of more than 8,000 tonnes/day
- Implemented SAP in March 2010
- Signed private equity investment of Rs 150 cr

*For Coal Vessels

Key competitive advantages

- **Competitive tariff:** Karaikal Port charges competitive rates and provides efficient rail delivery, reducing total integrated logistic costs.
- **Traffic:** The cement, steel, power, sugar, agro, refineries and engineering industries are witnessing a rapid growth in Tamil Nadu, which has increased port traffic. The Karaikal Port will help plug the demand-supply gap in Tamil Nadu by being able to service the needs of the other industrial sectors as well. The region around the port is expected to attract investments worth USD 1,000 cr over the decade, which will further increase traffic.
- **Single window clearance:** The Karaikal Port will reduce customs problems and facilitate a quick turnaround of vessels
- **Multi modal:** The Karaikal Port has the facility of handling multi-commodities from multi-clients and can be delivered multi-modally (rail, road and sea).
- **Location:** The port is located 280 km from the Chennai Port and 360 km from the Tuticorin Port, placing it at an advantage in handling traffic catering to central Tamil Nadu. The location is well connected by rail and roads, which will enhance connectivity across Tamil Nadu.

Road ahead

- Procure two additional shore cranes to improve cargo discharge rate
- Complete construction of covered warehouses planned for fertilisers and raw sugar storage
- Construct an oil pipeline to connect with Chennai Petroleum's refinery near Chennai
- Build a flyover to connect the port to NH 45A and NH 67 for ensuring smooth flow of traffic to/from the port and improving transportation efficiency
- Create capacities to handle diverse cargo (crude, edible oil, molasses and chemicals, among others)

A2. Ship repair yard

Overview

MARG proposes to invest about Rs 900 cr in setting up a ship repair yard located in Mugaiyur, around 5 km from MARG Swarnabhoomi. This business enjoys attractive potential as most Indian ships are repaired in Colombo (Sri Lanka) or Cochin (serves the Defence sector). The Company received an approval from the Government of Tamil Nadu and is currently conducting feasibility studies, land acquisition and master-planning activity. The facility will have dry docks, afloat berths and wharfs for a minor port. These facilities will serve ships ranging from Handymax to Capesize with cargo diversity of machinery, raw materials, agro products and containers, among others. The facility will generate direct and indirect employment for around 10,000 people.

Advantages

- **Few players:** In South India, only Cochin has a ship repairing yard that mostly caters to Defence needs, the closest other yard being Colombo (Sri Lanka). A ship repair yard in Mugaiyur will serve the needs of a large number of vessels and generate attractive revenues.
- **Reduced costs:** Most ships would need to travel a long distance for repairs. The Mugaiyur location will reduce travelling time and cost.
- **Improve efficiency:** The location will encourage ships to touch the port, reduce travel time and improve viability.

A3. Dredging

Overview

The Company acquired a cutter suction dredger (MARG Cauvery). The business is carried out in MARG International Dredging Pte Ltd. (MIDPL), Singapore, a 100 percent subsidiary of MARG Limited. The equipment has the capability of facilitating dredging operations from 5 metres to 25 metres with a dredging capacity of 2,000 cubic meters per hour. This equipment excavate rocks, boulders, cobbles, gravels and sand with the objective to create deeper water drafts that improve navigation. The equipment is currently engaged in dredging Phase II operations at the Company's Karaikal Port.

The Company ventured into this business to capitalise on the robust dredger leasing demand in India. Following the completion of its engagement in Karaikal Port, the dredger will be leased to other companies.

To augment its fleet strength, the Company recently acquired a Trailer Suction Hopper Dredger (TSHD) named MARG Vaigai.

Advantages

- **Enhance traffic flows:** The dredger will help increase traffic flow in the Karaikal Port, especially of large ships equipped to handle larger commodity volumes.
- **Leasing:** The Company can generate additional revenues by leasing the dredgers to other companies once its engagement in Karaikal Port is over.

A4. Logistics

Overview

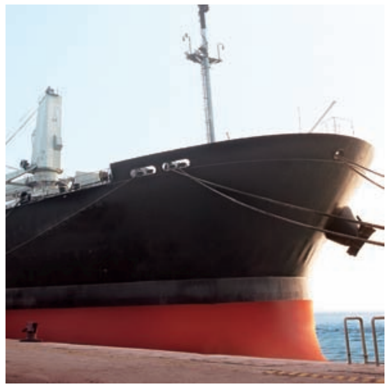
MARG's logistics and warehousing business is operated under MARG Logistics Pvt. Ltd (MLPL), a wholly-owned subsidiary of MARG Limited. The Company handles the entire logistic management of Karaikal Port from port cargo handling to customer delivery. The Company is equipped with state-of-the-art assets (dumpers, tippers, loaders, excavators, grabs and workshop equipment). It serves multi-customers and handles multi-cargo through multi-modal transportation (rail, road and sea). The Company plans to set up a logistic hub in different parts of South India to consolidate cargo for the Karaikal Port.

Advantages

- **Reduced cost:** The Company handles logistics management from cargo handling to delivery. The presence of a proper transportation system via rail and roads helps reduce costs.
- **Improved turnaround time:** The presence of state-of-the-art equipment and a planned logistics management system helps reduce vessel turnaround time and handle additional capacity.

Five-minutes with the business head

"We completed Phase I of the Karaikal Port three months ahead of schedule in April 2009. Within the first year, the Company generated a cash profit."



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

A. India has 12 major ports and about 200 minor ports. Over the years, the Indian shipping industry played a major role in the transport sector accounting for 95 percent of the country's trade by volume and 70 percent by value. Major ports handled a total traffic of 530.35 million tonnes in 2008-09 and 560.97 million tonnes in 2009-10. The average output per ship per day for all major ports taken together improved from 9,926 tonnes in 2008 (April-December) to 9,995 tonnes in 2009 (April-December). It is also expected that the traffic flow in Indian ports will grow from 846 MT in 2009-10 to 1,008.95 MT in 2011-12, reflecting the growing importance of the ports and shipping industry in India.

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

A. We completed Phase I three months ahead of schedule; Phase II is proceeding as per schedule. We posses a cargo handling capacity of 20,000 tonnes/day; after Phase II is operational, this will increase to 40,000 tonnes per day per berth. At the Karaikal Port, we possess the capability to handle multiple commodities like coal, sugar, cement, agro, fertilisers, project cargo, over dimension and liquid cargo. There are few Indian ports who possess the capability to handle commodities like coking coal, fertiliser, fertiliser raw material and limestone. We are upgrading to handle various commodities like sulphuric acid, edible oil and molasses. We possess two cranes, which strengthened our discharge rate efficiency. We also operationalised a railway siding, which improved our transportation. Besides, the ship repair industry is likely to add around USD 440 million to our annual turnover.

Types of ships	Repair potential per year (Rs cr)
Foreign ships on overseas trade visiting Indian ports	1,150-1,400
Domestic ships on overseas trade	200
Coastal/service vessels	190
Offshore rig repairs	300-400
Navy and coastguard vessels	100
Other regional merchant vessels	500
	2,440-2,790

Source: Planning Commission website

We are also building covered warehouses to store commodities. Thus, increasing tonnage will create a robust opportunity to generate revenues from our warehouses.

B1. Urban and industrial infrastructure

Overview

MARG ventured into urban and industrial infrastructure with the development of two SEZs (MARG Swarnabhoomi) located off the thriving growth corridor, the East Coast Road connecting Chennai and Puducherry. The project is spread over 612 acres, providing an environment conducive for business and learning on the one hand and a stress-free lifestyle with world-class infrastructure on the other.

The two SEZs are being implemented through an SPV called New Chennai Township Private Limited (NCTPL), encompassing an engineering SEZ and multi-service SEZ. These SEZs are expected to unlock economical, social and human potential. The SEZ will have 14 million square feet residential space, 4 million square feet office, IT and BIO IT space, 2.88 million square feet industrial sheds and employment opportunities for around 48,000 people. The SEZ intends to provide a high living standard at a low cost. As a result, MARG Swarnabhoomi is the place to be for business, learning and living options.

Business at the engineering SEZ

MARG Swarnabhoomi caters to industries like electronics (PCB, LCD manufacturing), auto-ancillaries, power and energy equipment, marine equipment and general engineering products, among others. The engineering SEZ is spread across a leasable area of about 135 acres (40 acres open land and 2.88 million square feet of space custom-built for lease). Many well-known companies have signed; Virgo, Grundfos, Vanspall and Polyhose will commence operations in 2010.

Business at the multi-services SEZ

The multi-services SEZ is dedicated to IT/ITeS, data centres, trading, logistics, animation, education and healthcare, among others. The Science Park offers facilities for high-end services in life sciences and agri sciences. The multi-services SEZ is spread across 118 acres; it offers open land as well as custom-built space on lease for companies and built-up space for lease (over 2.5 million square feet).

The Innovations Hub at MARG Swarnabhoomi is a unique ecosystem spanning 2.5 million square feet of hi-tech R&D space to accommodate a clientele cross-section. With support from engineering industries, services organisations, the science park, knowledge hub and leading educational institutions (Virginia Tech), the innovation hub has all the makings of a successful R&D hub.

Living

MARG Swarnabhoomi will have around 14,000 homes to cater to all classes. It offers world-class healthcare, hospitality, entertainment (golf course, theme park, multiplex, and restaurants, among others), shopping options, clubhouses, convention centre and an Art of Living Centre for stress-free living. Apart from basic infrastructure such as power supply, water supply, telecom connectivity, congestion-free roads, sewage treatment facility, security and rainwater harvesting, the location will offer a low-cost, unpolluted and green environment for residents.

Learning

MARG Swarnabhoomi is positioned as a knowledge hub that seeks to become a South Asian centre of excellence. It will comprise a top-ranked research university like Virginia Tech and other upcoming world-class institutes in the field of management, nursing, maritime education, construction technology, arts, fashion, engineering, logistics and sound and animation, among others. Virginia Tech MARG Swarnabhoomi will offer specialised courses in nano technology, biotechnology, automotive and IT, apart from cutting-edge research facilities. MARG Swarnabhoomi houses BVM Global Residential School for children and Swarnabhoomi Academy of Music for advanced music training.

Segment strategy

- Create an integrated township with business and leisure facilities
- Construct houses and create job opportunities that cater to all classes
- Provide residents with a pollution-free atmosphere
- Unlock economic, social and human potential

Key competitive advantages

- **Robust planning:** MARG Swarnabhoomi has been planned by HOK (USA). HOK is regarded as one of the finest design/architect firms and master-planners in the world. HOK designed the first LEED (Leadership in Energy and Environmental Design)-certified airport terminal in Boston and was recently ranked number one by Engineering News Record's Top Green Design Firms' Rankings.
- **Desalination plant:** A water plant will be set up in the area to address daily township water requirements. The site is close to the sea and supplemented by

rainwater harvesting. It is expected to set up a 10-12-million litre per day (MLD) desalination plant, which will solve on-site water problems.

- **Special Economic Zone:** The Special Economic Zone will attract industries and investments.
- **Brand name:** The SEZ will leverage the parent company's brand name and attract companies and residents.
- **Ability to meet deadlines:** The Company meets deadlines within schedule.
- **Low cost of living:** The Company has priced house and office space ownership around affordable rates.

Principal highlights, 2009-10

- Sold about 33 acres
- Booked 175,000 square feet of leased space
- Witnessed 800 apartments being booked out of 1,300 houses launched
- Operationalised the BVM Global School
- Conducted various promotional activities like music functions and a vintage car rally
- Achieved a turnover of around Rs 150 cr
- Invited guests like Sri Sri Ravi Shankar and A.R. Rahman for meditation and music events respectively

Advantages

- **Triggering economic activities:** The SEZ will be home to a number of industries and business hubs, attracting workers and catalysing economic activity.
- **Location:** MARG Swarnabhoomi site is well connected through road, rail, port and air.
- **Educational facility:** The site will have a resident school, music academy and institutes, emerging as a knowledge hub.
- **Environment friendly:** The site will have a 30-percent green area.
- **Work-family life balance:** MARG Swarnabhoomi promises residents a peaceful and balanced family life.

Road ahead

- Achieve a turnover of over Rs 200 cr
- Sell around 35 acres
- Lease 900,000 square feet

Five minutes with the business head

"MARG Swarnabhoomi helped unlock huge economical, social and human potential around a unique concept of business, living and learning."

Q. What growth do you see in integrated township projects?

A. According to a survey, Tamil Nadu is the most urbanised state in India. The growing per capita incomes and improved living standards create a strong case for urbanisation. With all major cities in India saturated, the focus is now on tier-II and tier-III cities.

Besides, the population of Indian cities will increase to 590 million in 2030 (40 percent of the population). In the global context, the scale of India's urbanisation will be immense with 68 cities having a population of more than 1 million, 13 cities with more than 4 million, 6 mega cities with a population of more than 10 million or more and at least two Indian cities figuring among the five largest cities in the world *(Source: McKinsey Report)*. Around 300 integrated townships are expected to come up in India by 2030, which indicates significant sectoral opportunity.

Q. How is MARG positioned to capitalise?

A. MARG has a land bank of more than 1,750 acres. The Company started building integrated townships through its MARG Swarnabhoomi project. Over the years, we gained knowledge from our global partners and acquired some of the best technologies in residential and office building construction, road construction, malls and factories (through our EPC division).

The land bank is strategically located near all essential amenities. Besides, we expect to leverage technology to reduce costs and possess an experience of more than 15 years in this segment and our expertise certainly creates huge opportunities.

Business segment review – 2

Engineering procurement construction (EPC)

- **Segment status within the Company:** Second largest
- **Portfolio:** IT parks, office complexes, business schools, hospitals, schools, affordable housing, high-end villas, Special Economic Zones (SEZ), breakwaters, berths, dredging, airports, shopping arenas, multiplexes, hotels, roads, water and sewage pipelines, desalination plants, transmission lines (HT / LT) and sub-stations
- **Revenue, 2009-10:** Rs 676 cr
- **Revenue growth, 2009-10:** 66 percent
- **Contribution to the total revenue in 2009-10:** 89 percent
- **Order book, as on March 31, 2010:** Rs 2,800 cr

Overview

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

The division is respected for timely project completion. It provides turnkey solutions and comprehensive project management for both greenfield and brownfield projects. While in engineering it has highly qualified experts and the latest engineering software and in procurement sources cutting-edge global technology.

MARG possesses a 15-year track record in executing challenging jobs backed by the technical knowledge of more than 500 person-years. It successfully leveraged its core strengths in the construction of civil infrastructure and residential projects to foray into the ownership of assets.

MARG provides EPC services for:

- **Work place buildings:** IT parks, office complexes
- **Institutional buildings:** Business schools, hospitals, schools
- **Living spaces:** Affordable housing, high-end villas
- **Industrial clusters:** Special Economic Zones (SEZ)
- **Marine infrastructure:** Breakwater, berth, dredging
- **Urban infrastructure:** Airport, shopping arena, multiplex, hotel, roads, water and sewage pipelines and desalination plants
- **Energy:** Transmission lines (HT/ LT) and sub-stations

Segment strategy

- Provide engineering, construction and technical services on a turnkey basis across various verticals
- Leverage its core strength in civil infrastructure construction and residential projects in other infrastructure segments
- Use technology appropriately to unleash hidden project potential

Principal highlights, 2009-10

- Achieved a turnover of Rs 676 cr
- Constructed a port including 1.6 km of breakwater, two berths, yards, storage space and railway siding
- Dredged more than 16 million cubic metres
- Completed more than 60 km of roads in Andhra Pradesh, Tamil Nadu and Karnataka
- Executed power generation contracts of more than 100 MW

MARG Foundation India currently has an order book in excess of Rs. 2,800 cr, pan-India, spanning across sectors including marine infrastructure, urban and industrial infrastructure, institutional, residential and commercial buildings. The client base includes several blue chip companies and PSUs such as L&T, BHEL, Indian Oil, Hindustan Petroleum among others.

- Constructed 25 km of road network, 700 m of water supply, 2,500 m of sewage system and one million square feet of residential and commercial buildings in integrated townships and SEZs
- Constructed transformer yards of 33 KV and a 132 KV transformer line

Key competitive advantages

- **Technology:** MARG procured some of the best engineering software and cutting-edge technology resulting in world-class services.
- **Intellectual strength:** MARG employed skilled and qualified experts with sound technical knowledge.
- **Strategic tie-up:** MARG tied up with international majors like HOK and L&T Ramboll to enhance technical knowledge.

Road ahead

- MARG Foundation Indian aims to aggressively pursue lucrative opportunities and increase the share of external contracts in its order book.
- The EPC arm will focus on large, high value and complex projects by leveraging its capabilities in specialised sectors such as marine, urban and industrial infrastructure and thus create a niche for itself.
- MARG will also seek to expand its EPC capabilities and access to technology and markets by forging alliances with leading players.
- Going forward, MARG Foundation India will prove to be the growth engine for the group's topline.

Five-minutes with the business head

"India is mostly about work-in-progress. With investments of over USD 510 billion earmarked for the Eleventh Plan, there are significant construction opportunities today. We expect to cater to the ambitious infrastructural plans of MARG (parent company)."

Q. What potential do you see in the EPC division?

A. The Indian economy is one of the fastest growing with a GDP growth rate of 7.4 percent. And yet, infrastructure development is poor. Highways in India account for only 2 percent of all roads, peak power deficit in India is about 15 percent, urbanised land is only 4 percent, one lac km of roads are still to be constructed, water treatment plants are still coming up, steel plants are being erected and railway stations are yet to be inaugurated.

Infrastructure investment in the Twelfth Plan is expected to double to Rs 41 lakh cr. In such an environment, our EPC division is expected to play a critical role.

Q. How are we positioned to capitalise?

A. We have been in the EPC (engineering-procurement-construction) segment for more than 15 years. We undertook and executed various projects under the MARG brand – building construction, township development, port building, roads, power projects and energy transmission. With this wide portfolio and experience, we can modestly claim to be one of the most competent in our business space in India. Over the past few years, we recruited selectively, enriching our intellectual capital.

Business segment review – 3

Real estate

- **Segment status within the Company:** Third largest
- **Portfolio:** Smart homes, affordable homes, townships, villas, the Junction Mall, office space and hotels
- **Total number of projects completed till date:** Two (Sai Subhodaya, Ramalakshmi Enclave)
- **Number of ongoing projects as at 31 March 2010:** Six (Pushpadruma, Vishwashakthi, Tapovan, Navratna-I ,Navratna-II, Utsav)
- **Number of projects completed and handed over in 2009-10:** One (Ramalakshmi Enclave)
- **Number of projects launched in 2009-10:** Three (Pushpadruma, Vishwashakthi and Utsav)
- **Revenue, 2009-10:** Rs 78.18 cr (including Swarnabhoomi residential projects)
- **Revenue growth, 2009-10:** 492 percent
- **Contribution to the total revenue in 2009-10:** 10.49 percent
- **Order book, as on March 31, 2010:** Rs 244 cr

Overview

MARG's real estate division comprises residential and commercial arms; the former has been named MARG ProperTies and the latter MARG Junction.

MARG ProperTies, the residential arm of MARG, provides value-enriched homes and builds everlasting relationships. MARG ProperTies has something to offer: a range of living spaces from functional budget apartments to super luxury villas. MARG ProperTies offers a wide range of options to fulfill home aspirations and for buyers to move to a home of their dreams.

MARG ProperTies caters to four different segments

- Urban smart homes
- Affordable homes
- Integrated townships
- Ultra-luxury homes

MARG ProperTies, the residential arm of MARG, provides value-enriched homes and builds everlasting relationships. MARG ProperTies has something to offer for everyone: a range of living spaces from functional budget apartments to super luxury villas. MARG ProperTies offers a wide range of options to fulfill home aspirations and for buyers to move to a home of their dreams.

Brand promise

- Delivering the right product with the right value to different consuming classes
- Delivering value with technology and innovations
- Long-term appreciating price models
- The Universal Charter for value enriched offerings

Value enriched offerings

Brand initiatives

- MARG ProperTies brand launched by A.R. Rahman on October 9, 2009
- Exclusive customer engagement programs – Connexions for all Customers
- Unique customer portal to keep customers engaged
- First-of-its-kind brand shop to make customer purchase experiential
- First-of-its-kind branded vehicle for customer transportation
- Innovative website offering 360 degree views of the apartments and live chat service
- Launch of MARG Chinmaya Vidyalaya at Vishwashakthi–Tirupathi's first integrated township to provide value education
- Ventured into the US market with participation in various events

Snapshot: Ongoing projects

Urban smart homes	Area in mn sq. ft	Total number of units	Location of the project
Pushpadruma	0.47	466	OMR, Chennai
Integrated townships			
Vishwashakthi	0.68	512	Tirupathi
Ultra luxury villas			
Tapovan	0.31	124	ECR, Chennai
Affordable homes			
Ramalkshmi Enclave	0.1	96	Tenali
Navratna	0.67	580	Swarnabhoomi, Chennai
Utsav	0.68	720	Swarnabhoomi, Chennai
Total	**2.91**	**2498**	

Snapshot: Projects in pipeline

Urban smart homes	Area in mn sq. ft.	Total number of units	Location of the project
Savithanjali	0.89	702	OMR, Chennai
Lakshna	0.04	40	OMR, Chennai
Maha Utsav	0.45	392	Swarnabhoomi, Chennai
Sky Meadows	0.55	423	Swarnabhoomi, Chennai
Affordable homes	1.80	2,400	Pondur, Chennai
Total	**3.73**	**3,957**	

MARG Junction

Overview

MARG Junction is the umbrella brand for the development of retail, commercial and leisure spaces. It identifies opportunities in Chennai's retail, hospitality and office space market segments. It is currently engaged in developing a large, 1.8 million square feet 'mixed use' development on a 7.3 acre property in Karapakkam on the Old Mahabalipuram Road in proximity to large IT development centres of TCS, Infosys, Cognizant and Accenture, among others.

The Company's Karapakkam property comprises a 1,044,000-square mall, twin office towers offering 270,000 square of office space and a large 240-room, 4-star business class hotel over 517,000 square MARG Junction Mall, which is slated to be operational in 2012, will be a one-stop 'destination' for shopping, dining, leisure and entertainment for the fast growing, prime catchment areas of OMR and South Chennai.

MARG's real estate commercial team possesses visionary leadership, talented people and execution experience.

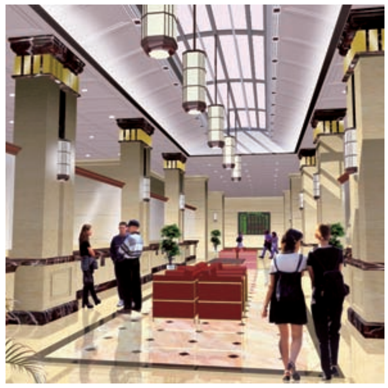
Other Junction Malls are planned for Swarnabhoomi and Viswasakthi Township in Tirupati.

Road ahead

- Commercialise MARG Junction mall on the Old Mahabalipuram Road, Chennai, by 2010

Five-minutes with the business head

"Selling a property is the result of mindspace, which will be our strategy to drive the growth of our real estate division."



Q. What potential do you see in the real estate division?

A. The real estate sector in the country is one of importance. According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a large opportunity. According to the Department of Industrial Policy and Promotion (DIPP), housing and the real estate sector (including cineplex, multiplex, integrated townships and commercial complexes, among others) attracted cumulative foreign direct investment (FDI) worth USD 840 cr from April 2000 to March 2010 wherein the real estate and the housing sector reported FDI of USD 280 cr in 2009-10. India will need to spend about USD 2.2 trillion on its cities (projected population 1.47 billion by 2030). It is expected that the country's middle-class households will increase from 22 million today to 91 million and that demand for commercial and residential space will increase to 700-900 million square metres.

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

A. We have been in the real estate sector for a long time, having undertaken some of the best housing projects (affordable homes to high profile villas). We also built smart homes and townships. So, in line with our growing sectoral experience, we offer customers consultancy in choosing the best house, upgrading across the MARG portfolio, measuring and paying as well as enjoying the benefit of zero dead space. We also developed an expertise in building commercial spaces in terms of constructing a mall, office, factory and 4-star hotels. Over the years, we acquired 2,000 acres which provides us with an advantage in constructing low-cost residential and commercial spaces.

Business segment review – 4

Other businesses

- **Segment status within the Company:** Smallest
- **Portfolio:** Bijapur airport and multi-level car parking
- **Revenue, 2009-10:** Rs 0.59 cr
- **Revenue growth, 2009-10:** 11 percent
- **Contribution to the total revenue in 2009-10:** 9 percent

Overview

MARG diversified into other sectors in response to growing opportunities. The Company partnered with Housing and Urban Development Corporation Limited (HUDCO) in a joint venture named Signa Infrastructure India Limited. In this joint venture, MARG and HUDCO hold 74 percent and 26 percent stake. SIGNA brings together the strengths of both sectors – technical know-how of HUDCO and its resident experience in infrastructure project implementation. The other MARG businesses comprise the Bijapur Airport and multi-level car parking.

Segment strategy

Provide quality infrastructure solutions, upgrade process, people and facilities

A1. Bijapur airport

Overview

India's civil aviation sector grew attractively across the last few years. The domestic traffic grew 45 percent and this prompted the government to invite private partners. MARG Limited was awarded a project to develop the Bijapur Airport in November 2008, covering the development of airside and city side commercial amenities over 727 acres for a period of 30 years on a Build-Operate-Transfer basis (BOT).

- The airside development encompasses a terminal building of 2,500 square m capable of handling 50 arriving and 50 departing passengers initially, runway of dimension 1,700 m x 30 m to support ATR 72 range of flights, hangars, aprons, taxiways, isolated parking bay, ground support equipment, air traffic control tower of height 15 m, fuel farm and fire station. All the infrastructure developments by MARG will be completed by the first quarter of 2012.

- The city-side development comprises aviation academy, pilot training institute (includes helicopter training), flying club, hotel (at least 50 rooms) and cold storage facilities, among others (first phase).

Highlights, 2009-10

- Signed a project development agreement with the Government of Karnataka for the Bijapur Airport in January 2010
- Initiated discussion with AECOM, MOTT MacDonald, The Louis Berger Group Inc, Halcrow Group, Engineers India Limited and Intercontinental Consultants & Technocrats for the master planning

Constructed 25 km of road network, 700 m of water supply, 2,500 m of sewage system and one million square feet of residential and commercial buildings in integrated townships and SEZs

A2. Multi-level car parking

Overview

The vehicular growth in Chennai and increasing vehicle density of above 800 per km prompted by state government agencies to propose multi-level car parking facilities. The Corporation of Chennai awarded the consortium of MARG Limited and Apollo Hospital Enterprise Limited the right to develop an automated multi-level car parking facility in Wallace Garden, Chennai, on a DBOT basis for 20 years. It was also given the responsibility to develop a commercial facility along with the multi-level car parking facility.

Five-minutes with the business head

"Our focus on air and road transportation will enhance multi-disciplinary skills and industry presence."

Q. What potential do you see in our 'other businesses' division?

A. The rapidly growing number of vehicles with non-commensurate parking space created a growing demand for multi-level car parking. In Chennai alone the vehicles on road are expected to reach 55 lakhs by 2025. The vehicle density in Chennai has gone up to 800 per km.

The Indian aviation industry is one of the fastest-growing in the world with private airlines accounting for more than 75 percent of the country's aviation market (as of 2006). The industry grew at a compound annual growth rate (CAGR) of 18 percent, marked by 454 airports and airstrips in (16 designated as international). Passengers carried by domestic airlines from January-February 2010 stood at 8,056,000 as against 6,761,000 in the corresponding period of 2009 – a growth of 19.2 percent according to a report released by the Ministry of Civil Aviation.

Q. How are we positioned to capitalise on these opportunities?

A. We possess an expertise in construction, which we will leverage in building the multi-level car parking facilities for which demand exceeds supply. The aviation sector is developing at a rapid pace and there is a growing need to develop and maintain airports. The government is inviting private partners who can take care of the entire operations of the airport, offering scope to private companies.

Managing risks at MARG

At MARG, the objective of risk management is to ensure that it is adequately estimated, controlled and priced to enhance shareholder value. Risk is pertinent to virtually all business activities, though in varying degrees and forms. Regardless of the type of risk or the activity that creates it, the fundamental approach in risk management remains the same:

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

1 Industry risk

Risk explanation

Infrastructure investments are directly linked with economic development. A slowdown in economic growth can stagger construction, affecting growth.

Risk response

- The Indian economy is the fastest growing after China. This is reflected in the following – GDP grew 7.4 percent in 2009-10. Fresh optimism is derived from the fact that the government has projected double-digit GDP growth by the end of the Eleventh Plan (2007-12) period.
- The construction industry represents the second-biggest economic activity in India after agriculture. The construction sector is also the second largest GDP contributor with a 7 percent share.
- With a view to enhance private sector participation especially across large projects, the government has proposed a number of attractive schemes like build-operate-transfer (BOT), build-own-operate-transfer (BOOT), build-operate-lease-transfer (BOLT) and own-operate-transfer (OOT) routes, which will go a long way in accelerating infrastructure growth.

Risk result

With a view to sustain economic growth, the Central Government's infrastructure investments in the Ninth Plan (1997-2002) stood at USD 8,800 cr. The figure for the Tenth Plan (2002-07) is projected at USD 14,040 cr while the Eleventh Plan (2007-12) envisages infrastructure investments of USD 51,000 cr.

2 Strategy risk

Risk explanation

The Company might not possess a clear strategy, resulting in poor opportunity identification and staggered profitability.

Risk response

At MARG, we have identified a clear vision for growth.

- We intend to fortify presence within our selected verticals by bagging large projects where we can add value by unleashing growth and prosperity. For instance, the Bijapur Airport project that we bagged in October 2009 from the Government of Karnataka offers us scope in contributing to the development of the region through the envisaged commissioning of an airport, aviation school, logistics hub and MRO, among others.
- We have a clear strategy in getting these assets on stream and realising steady cash flows.
- We commercialised Phase I of the Karaikal Port project even as the port operations turned cash profit-positive in the first year.
- We enlisted a number of customers for the light engineering SEZ.

Risk result

MARG reported 66 percent compounded annual growth rate (CAGR) in gross income over the five years ending 2009-10.

3 Competition risk

Risk explanation

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

Risk response

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

- The Company's presence across diversified verticals helps mitigate risks in the event of select sectoral slowdowns (although this is a remote possibility as funds have been committed by the government for each sector).
- An increasing thrust by the government to innovate schemes like BOT and BOOT will help reduce competition while project bidding, on account of the inability of small players to bring in funds for equity participation in the SPV.
- The Company's strong net worth criterion, requisite experience and acknowledged reputation are key for meeting stiff pre-qualification norms, an effective competition barrier.
- The Company forged alliances with a number of respected stakeholders for assistance during various project phases.

Risk mitigation

MARG's business differentiation propelled it to report a 66 percent compounded annual growth rate (CAGR) in gross income over the five years ending 2009-10.

4 Asset risk

Risk explanation

Equipment represent the backbone of any infrastructure company and any delay in equipment availability could affect timely project completion and lead to a loss of reputation and profitability.

Risk mitigation

At MARG, we have undertaken a number of asset-centric initiatives comprising the following:

- Created a rich bank of modern and state-of-the-art assets comprising automatic batching plants, pneumatic tired rollers, kerb laying machines, wet mix plants, pile rigs (among the largest in India), tower cranes, excavators and concrete pumps, among others. Moreover, a significant portion of our gross block comprises imported equipment, reflecting the contemporary nature of the assets
- Invested in thorough asset mapping to reflect availability, maintenance schedules and asset specifications, among other factors. This leads to optimal utilisation of plant and machinery, not only within the project site but across projects as well. Robust asset utilisation measures is reflected in a growing gross block-turnover ratio, which climbed from 3.47 in 2008-09 to 9.74 in 2009-10
- Maintained an inventory of spare parts at a remote location as a hedge against unforeseen downtime

Risk measurement

The Company's strong asset management practices are reflected in a gross block–turnover ratio of 9.74 in 2009-10, which is among the highest in the Indian infrastructure sector.

5 Environment risk

Risk explanation

A breach of environmental norms could invite censure, litigation and blacklisting.

Risk response

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

- We deploy state-of-the-art equipment as recommended by the Pollution Control Board, which minimises sound and air pollution.
- We undertake extensive soil sampling and analysis to minimise ground pollution.
- We train manpower to adhere environment norms and standards.
- We collaborate with international construction companies to get an insight into global environment-friendly operational standards.

Risk mitigation

The Company did not lose a single day of operation in 2009-10 owing to environmental non-compliance.

6 Safety and health risk

Risk explanation

The construction business involves the use of heavy equipment; unsafe practices may pose a security threat.

Risk response

At MARG, we are committed to the total safety and well-being of our members, especially those working on-site:

- We created a disaster management cell to implement effective accident prevention measures across all construction stages.
- We undertake and execute projects with standard and quality-certified equipment, benchmarked against global standards.
- We made the use of personal protection equipment mandatory for all onsite workers.
- We created crisis management teams across all project locations.

Risk measurement

The Company has not reported any major accident since inception, reflecting the deployment of safe operating practices.

7 Quality risk

Risk explanation

Failure to maintain quality could lead to severe loss of reputation and profitability

Risk response

MARG was among the first Indian construction companies to be certified for ISO 9001. Besides, we built our reputation as quality engineers through the following initiatives:

- Created a quality control laboratory at each site, irrespective of project complexity or value. This lab is installed with modern equipment and manned 24x7 by quality professionals
- Invested in state-of-the-art assets to check product quality. For instance, the Company's 'rough-o-meter' scientifically measures road flatness
- Conducted robust checks across project lifecycle for incoming raw materials, materials-in-process and finished products
- Undertook quarterly quality audits through qualified professionals and engineers

Risk measurement

As a result, the Company derived a high percentage of its income from repeat clients during the year under report.

8 Human resource risk

Risk explanation

Attrition could drain the Company's precious intellectual capital and stunt growth

Risk mitigation

At MARG, one of our strongest retention tools comprises the comprehensive alignment of personal goals with corporate objectives. This enhances focus, creates loyalty and helps maintain aspirational levels. Besides, we undertook a number of people-led initiatives comprising the following:

- Issued ESOPs in October 2009 with a view to share prosperity with members and create a strong sense of loyalty
- Raise remuneration, benchmarked with the best industry standards; as such, average salary levels increased between 18 to 20 percent in 2009-10
- Changed the positioning of the Company in the minds of people from a South India-based construction company to a pan-India conglomerate. Progressively, we intend to alter the positioning to reflect a global corporation
- Recruited quality talent from reputed institutions across India. As a result of this ongoing initiative, nearly 24 percent of our total team of 169 people comprises engineers while around 40 percent comprises engineers and MBAs
- Created a talent pipeline through the recruitment and training of people across various functions
- Increasingly hired local people on site to minimise mainstream attrition and provide regional job employment
- Encouraged multi-skilling and competence upgradation through job rotation
- Delegated authority and responsibility across all management levels, encouraging greater employee participation in decision-making
- Focused on training (engineering and soft skills) through specialists. Training increased from around 1 person-days in 2007-08 to benchmarked 3 person-days in 2009-10
- Focused on attracting candidates from reputed institutions including IIMs and XLRI
- Introduced and implemented '16 weeks to a new planet' to enhance employee motivation and thereby leading to potential growth
- Selected specialised technical management talent from NICMAR to enhance the quality of work and innovation

Risk measurement

At MARG, we continue to enjoy among the lowest attrition levels in our industry among the top management, 'A' and 'B' rated employees, at 1%.

Human Resources Management

MARG's human capital has been instrumental in its growth. The organisation attaches a great deal of importance to employee alignment and engagement. Emphasis is laid on soft skills, behavioural aspects and values in addition to hard skills to ensure holistic development of our 1028 people strong human capital. Individuals are not just groomed but empowered and encouraged to handle projects of massive scale.

This is an essential part of taking MARG to the next level. Ably supported by the talent we have at all levels of the Company, we are rightly positioned to achieve and even surpass our corporate goals.

Key highlights, 2009-10

- Assigned Hewitt Consulting to conduct a study on the identification of critical success factors a prospective recruit must have before being considered for recruitment. This initiative would ensure organisational seamlessness towards common ambitions and goals
- Introduced the concept of '16 pf' or personality factors (some of the characteristics comprising warmth, emotional stability, sensitivity, vigilance, openness to change and reasoning clarity, among others)
- Undertook Gallop survey to understand employee views and is currently in the process of converting these into actionable points
- Implemented the concept of flexi-time working for the employees to work at their best convenience and deliver peak results
- An ongoing process of young manager's meet, an interaction of the middle-level managers with CMD received a huge response for more of such programs to develop employee engagement.
- Introduced visioneers web page where all HR/administration policies are displayed.
- Introduced electronic leave application for a paperless office.
- Empowered HR through decentralisation for speedy implementation of activities at the vertical level.

Outlook, 2010-11

- Invest in 4-7 man days of compulsory training across the organisation
- Implement the findings of the Hewitt and Gallop studies
- Recruit engineering talent, especially from Rural Engineering Colleges (RECs) for better manpower integration with sites
- Introduce the concept of CLAP (Complete Leadership Achievement program) for selected employees to ensure their business plan converts to measurable output, an employee engagement enhancing method
- Put in practice the conceptual training of 'Working Tamil' to blend various cultures
- Implement various T&D plans to improve employee potential/strengths.
- Provide all recruits with an induction kit.

Our core philosophy, the Power of 5, has been inspired by the five elements of nature. This powerful combination of belief helped us fast-track growth. Each of our projects, processes and people reflect these values, everyday in every way.

Team work: Like the waves in the Ocean that are synchronised and free-flowing, all individual efforts are harnessed and a cohesive attempt is made to realise mutual objectives.

Character: Like the Earth that is solid and grounded in humble values and integrity, all spheres of activity are totally transparent with complete accountability.

Creativity and innovation: Like the unrestrained boundless Sky that encompasses everything, endless possibilities are explored and new routes are unearthed.

Distinctive quality: Like a fresh lease of exhilarating Air, there is focus on top-class, time-bound performance with abundant scope for improvement.

Positive attitude: Like Fire brimming with vitality, all positive energies are synergised towards overcoming odds and committed to the highest level of performance.

Principal strategic imperatives

The key elements of MARG's business strategy

Building in-house capabilities

To ensure excellence in development, design and execution in all projects at all levels, the Company develops skills, capabilities and competencies. This translates into enhanced quality, cost control and synergies.

Focus on high value high complex projects

The Company will continue to focus on the development and construction of high-end infrastructure projects like ports, airports, urban infrastructure and power plants. It focused on EPC projects and technically complex projects with high entry barriers like ports wherein the Company is responsible for design, construction, testing and/or commissioning. For example, KPPL, a wholly-owned subsidiary, is developing a greenfield, all-weather, deep water port in Karaikal on a BOT basis, the first phase of which was completed with capacity of 5.2 million tons. Currently, the capacity of the port in Phase 2 is being increased from 5.2 million tons to 21 million tons, for which the Company was appointed as an EPC contractor.

Focus on higher capital efficiency

Infrastructure development is competitive and capital-intensive. The Company believes that the optimal utilisation of financial, human and other resources is key to achieving success. It concentrates on a limited number of high-value projects to protect execution quality, reliability and timelines. The Company will continue to identify and analyse projects that maximise returns.

Strategic alliances and partnerships

The Company's alliances and partnerships with other corporates in the infrastructure sector provide superior access to state-of-the-art technology, new markets and exposure to select capabilities.

Focus on the development of real estate projects

The Company intends to diversify its business through real estate opportunities. Apart from residential and commercial development, the Company aims to foray into corridor development projects, integrated cluster development, social infrastructure development projects, educational hubs, golf courses, theme parks, convention centres in tier-II and tier-III cities. The Company is exploring opportunities to enter into joint development agreements with landholders. The Company believes that this model of real estate development can result in substantial growth. The Company believes that its experience and project execution capabilities in the construction and infrastructure sectors will enable it to capitalise on emerging real estate opportunities that complement its business.

Attract, retain and train qualified personnel

The Company believes that maintaining quality, minimising costs and ensuring timely project completion depends largely on employee competence. Stiff competition following the entry of international companies prompted the Company to increase its focus on technology training and provide its people with opportunities to work on diverse construction projects.

India's public-private partnership (PPP) model

PPPs are increasingly preferred in the construction and operation of highways, airports, ports and other infrastructure services in developed and developing countries. These PPPs offer significant advantages in terms of attracting private capital in the creation of public infrastructure and improving efficiencies in the provision of services to users. Following success from PPP initiatives (Karaikal Port, for instance), the Company believes that private participation opportunities in India's infrastructure sector are at an inflection point.

Key competitive strengths

MARG's principal competitive strengths comprise the following

Ability to tap opportunities in the field of infrastructure and real estate sectors

The Company believes that the increasing level of investment in infrastructure with thrust on PPP/BOT model will be a business driver. MARG demonstrated expertise in sectors like ports, roads, infrastructure and real estate and is strategically positioned to exploit synergies that exist in the infrastructure and real estate sectors.

Ability to execute large and complex projects

The Company's key strength is its ability to execute quality projects on schedule. The timely execution of Phase I of the Karaikal Port (capacity 5.2 MMTPA) is testimony to its ability. It intends to focus on large, complex, high-value projects that require significant technical competence. The Company implemented SAP ERP and other IT systems to strengthen operations management and execution. The Company believes that its expertise in diverse infrastructure project implementation provides it with a significant advantage in an industry where expansion is projected.

Pre-qualification credentials

The Company's track record of having completed (or being engaged in) power, windmill, commercial buildings, Karaikal Port and MARG Swarnabhoomi has helped pool experience, which enables it to bid for other large infrastructure projects. The completion of dredging services of more than 16 million cu m at Karaikal Port will open up global opportunities.

Diversified business model

The Company aims to reduce cyclical risk through a diversified sectoral presence in the Indian construction industry. The Company's business comprises the development of infrastructure, real estate development and services (EPC projects, dredging and logistics). The diversified portfolio has helped de-risk the business even during downturns.

Experienced management team

The Company possesses an experienced team with strong capabilities in project execution, implementation and development. The Company has a qualified workforce of 144 engineers comprising skilled operators and technicians with an average industry experience in excess of 10 years, essential for efficient and effective project execution. The strong project monitoring team and support system facilitates the delivery of projects within cost and schedule.

Development of projects backed by strong research

For the successful execution of projects (including residential and commercial projects), the Company and its subsidiaries undertake strong research in terms of marketability, location, target customers and pricing, among others. The Company is currently developing commercial and residential projects in

high potential tier-II and tier-III locations such as Chennai and Tirupati. The Company believes that its projects are eminently marketable, keeping the location, pricing and quality in mind. The Company's commercial developments are located in areas that are attractive to corporate and multi-national clients. For example, the MARG Junction project of the Company is located at OMR, a high potential area with a corresponding dearth of retail and hospitality space.

Extensive land reserves

As of March 31, 2010 the Company owned land reserves (including ongoing and planned projects) of over 1,750 acres. A significant portion of land reserves were accumulated at a competitive cost.

The Company invested in strategic locations with significant development prospects including planned residential townships with supporting social infrastructure. The Company expects these residential townships to become self-sustaining communities with long-term potential.

The Company's execution capabilities are demonstrated by timely delivery and high quality. The Company's operations span different aspects of real estate development from the identification and acquisition of land, research, planning and designing through to marketing and project management. The Company has over 300 technically qualified personnel who oversee and execute key aspects of real estate development. The Company also leverages the expertise of external professionals such as construction contractors, architects, interior designers, landscape experts, engineers, building services consultants and communication consultants. The Company ensures that construction contractors use the best available technologies that lead to safe execution, high project quality and timely delivery. The execution and planning teams work closely through an enterprise-wide SAP system to track budgets and projects, enabling it to efficiently monetise its land reserves.

Thrust on corporate social responsibility (CSR)

The Company believes in the growth and development of the Company and society. True to this philosophy, the Company organised skill development programmes, healthcare initiatives and strengthened infrastructure in several schools in and around its area of operation. This helped the Company build mutual relationships leading to smooth project completion and employment.

Exciting industry opportunity

Indian economy

India is the world's largest democracy with an estimated population of 1,156 million as of March 11, 2010 *(Source: http://populationcommission.nic.in/)*. Since 2003-04, India has witnessed significant growth; while per capita GDP grew at an annual average 3-4 percent from 1980-81 to 2002-03, there was a marked increase in the average to 7.2 percent from 2003-04 to 2009-10. Besides, FDI almost quadrupled from USD 900 cr in 2005-06 to USD 3,720 cr in 2009-10.

Rate of growth at factor cost at 1999-2000 prices

(percent)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Total GDP at factor cost	8.5	7.5	9.5	9.7	9.2	6.7	7.4

Source: Central Statistical Organization.

** Trade, hotels & restaurants, transport & communication (together) grew at 9 percent, 2008-09.*

The economy grew at 7.2 percent in 2009-10, with the industrial and the service sectors growing at 8.2 and 8.7 per cent respectively. There has been a recovery in the growth rate of gross fixed capital formation, which had declined significantly in 2008-09. The construction sector grew by 6.5% in 2009-10 as compared to 5.9% in 2008-09.

Infrastructure industry

India's growing population and moderation in economic growth mandates the development of its infrastructure. It has been estimated that losses arising out of congestion and poor roads alone were estimated at USD 600 cr per year. In 2005, India passed a law permitting PPPs in infrastructure with innovative concession agreements like BOT (build-operate-transfer) and BOOT (build-own-operate-transfer) etc. Under these, developers mobilise a majority of the funds, collect tolls or usage fees and eventually transfer ownership to the government. Currently, there are more than 450 PPP projects underway, the total project cost is estimated to be more than USD 4,500 cr.

India's Eleventh Five-Year Plan's (2007-12) vision of an annual economic growth in excess of 8 percent necessitates significant infrastructure investments. In the present Plan period, more than USD 45,000 cr investment will flow into India's infrastructure. To fund these investments, the Planning Commission has urged the government to increase current gross capital formation for infrastructure from around 5 percent of the GDP to 9 percent between 2008 and 2012.

Sector	Target	Government Action	Outlook
Roads	1,000 km of expressways; 6-laning of 6,500 km and 4- laning of 10,000 km	NHAI's 7-phased NHDP; Competitive bidding for BO	Growth @ 12-15 percent p.a for passenger traffic and 15-18 percent p.a for cargo; USD 50-60 bn investment required over the next 5 years
Power	Capacity addition of 78 GW in generation and 60,000 ckm in T&D	Electricity Act, 2003; Captive coal block allocation; IPTC in T&D	Capacity additions ~ 100 GW generation and 60,000 ckm transmission lines with investments of USD 20,000 cr; Peak deficit ~ 12 percent, AT&C losses ~ 30 percent
Ports	Cargo handling capacity of 1.5 bn MT by 2012 (2x growth)	Competitive bids for BOT terminals on revenue share; NMDP for Major Ports	Cargo to grow @ 7.7 percent p.a, container cargo @ 15.5 percent p.a till 2012; 2x growth in India's share of global exports; Investments of USD 1,900 cr in Major & Minor Ports; Port connectivity projects
Airports	500 operational airports in 12 years (~5x growth)	Privatization precedents set	Growth in passenger traffic @ 15 percent p.a, cargo @ 20 percent p.a; Development of 35 non-metro airports @ USD 900 cr

Port sector overview

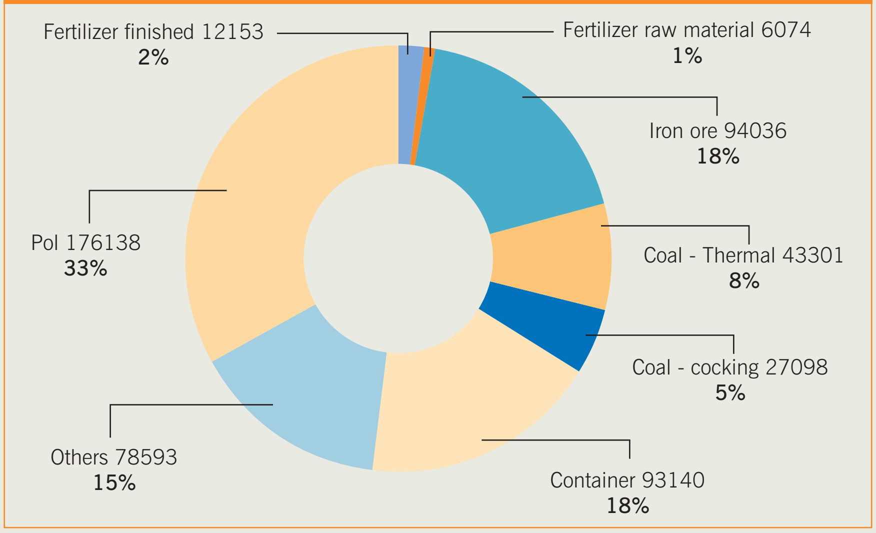
The Indian coastline is dotted with 12 major ports and 200 minor ports. According to Indian Ports Association, these major ports handled 530.35 MT in 2008-09 and 560.97 MT in 2009-10.

Year	Major ports		
	Cargo traffic (MMT)	Y-o-Y Growth (percent)	Percentage share
2004-05	383.75	11.29	73.57
2005-06	423.58	10.38	74.43
2006-07	463.78	9.49	71.36
2007-08	519.23	11.96	71.83
2008-09	530.35	2.14	71.85
2009-10*	560.97	5.77	66.31

Sources: IPA, India Infrastructure Research, Economic Survey

** Provisional*

Cargo Handled at Major Ports in India (2008-09) – in '000 Tonnes



Source: IPA

India expects to increase its share of world trade to 5 percent from the current 1.4 percent by the year 2020. The Ministry of Shipping, Road Transport and Highways estimates traffic at Indian ports to increase to 1,225 million tonnes in 2014, from the present levels.

The cargo mix at major ports presently is led by POL, then by containers as the next major commodity followed by Iron ore and coal.

Although the composition of energy related products like POL & coal is likely to dominate the cargo portfolio, globally there is an increasing trend towards containerisation. The share of containerised cargo handled in India is still lower as compared to other Western / Asian countries and is likely to gather momentum in the future

The weighted average capacity utilization of major ports today stands at 95 percent. Coastal shipping is an area that has potential cost savings of upto 50 percent in fuel and 42 percent in transportation. Despite the potential savings, coastal shipping is by far untapped in India and accounts for only 7-8 percent of the Indian domestic cargo movement, compared to 40 percent in European Union. It is evident that to cater to the expected increase in trade volumes and tap the potential of coastal shipping, the creation of new ports is imperative.

Year	Non-major ports		
	Cargo traffic (MMT)	Y-o-Y Growth (percent)	Percentage share
2004-05	137.83	14.06	26.43
2005-06	145.53	5.59	25.57
2006-07	186.12	27.89	28.64
2007-08	203.62	9.4	28.17
2008-09	207.78	2.04	28.15
2009-10*	285.03	37.18	33.69

Sources: IPA, India Infrastructure Research, Economic Survey

** Provisional*

In the period from 2009-10 to 2013-14: traffic at major ports is likely to grow from 560.97 million tonnes in 2009-10 to 687 million tonnes and traffic at non-major ports is expected to grow from 285 million tonnes in 2009-10 to 473 million tonnes.

Between 2009-10 and 2013-14, investments are expected to the tune of Rs 73,300 cr in the ports sector. As part of the National Maritime Development Programme (NMDP) of 2006, the Indian authorities identified approximately 276 major and minor projects with the implementation target being 2011-12. The total investment in port sector projects under the NMDP will be approximately Rs 55,804 cr.

With faster growth in traffic, going forward, non-major ports are expected to handle a higher share in the country's total port traffic from 33.69 percent in 2009-10 to around 41 percent by 2013-14.

Logistics overview

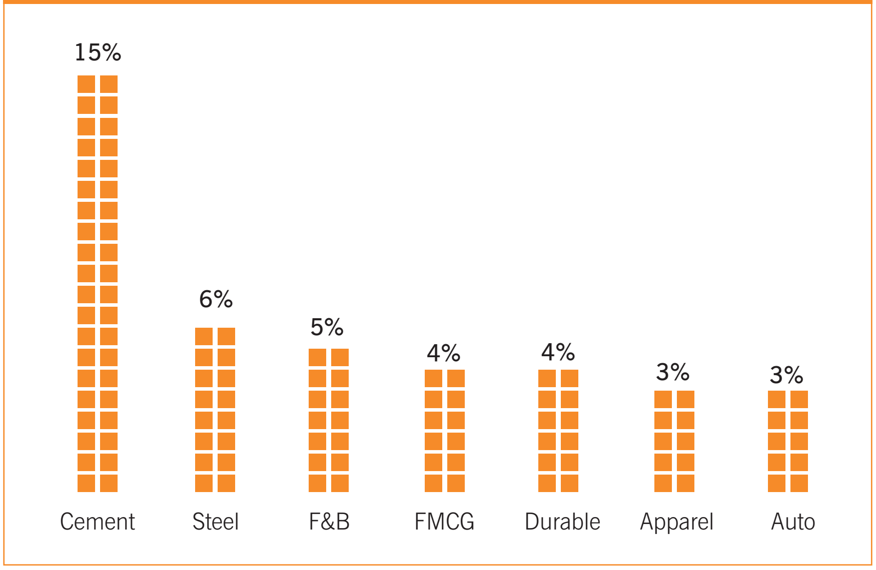
Logistics industry segments include air freight, road freight, rail freight, 'courier, express and parcels' (CEP), sea freight, multimodal transportation and container logistics.

The logistics sector has been growing at an impressive 8 to 10 percent per annum since 2002 to revenues of USD 100 billion in 2007-08. The sector accounts for about 13 percent of India's GDP. The World Bank's Logistics Performance Index (LPI 2010) ranks India 47 among 155 countries in terms of logistics performance and potential. Further, the Indian logistics industry is expected to grow annually at 15 to 20 percent, reaching revenues of approximately USD 385 billion by 2015.

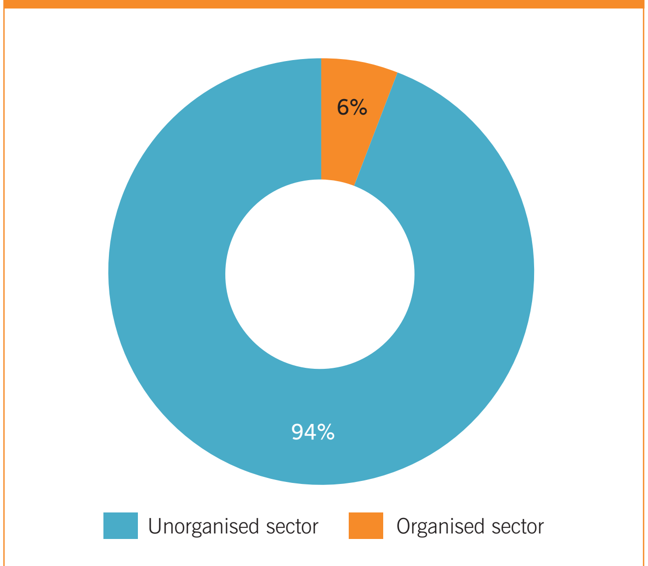
The key growth drivers for India's logistics sector comprise:

- Underdeveloped trade and logistics infrastructure
- About USD 510 billion worth of infrastructure investments in the five year Plan ending 2012
- Entry of organized retail and agro-processing industries
- Phased introduction of value-added-tax (VAT)
- Strong foreign direct investment inflows (FDI) in automotive, capital goods, electronics, retail and telecom
- Leading manufacturers realign their global portfolios of manufacturing locations to India
- Favourable demographics – With a median age of just over 20 years - one of the lowest among developed and emerging economies.
- By 2016, more than one-third of India's population will reside in urban areas.
- India also possesses a huge pool of skilled, English-speaking labour.
- Every year, it adds 2.3 million college graduates (including 400,000 engineering graduates) to its workforce.
- Raising income levels
- Increasing urbanization

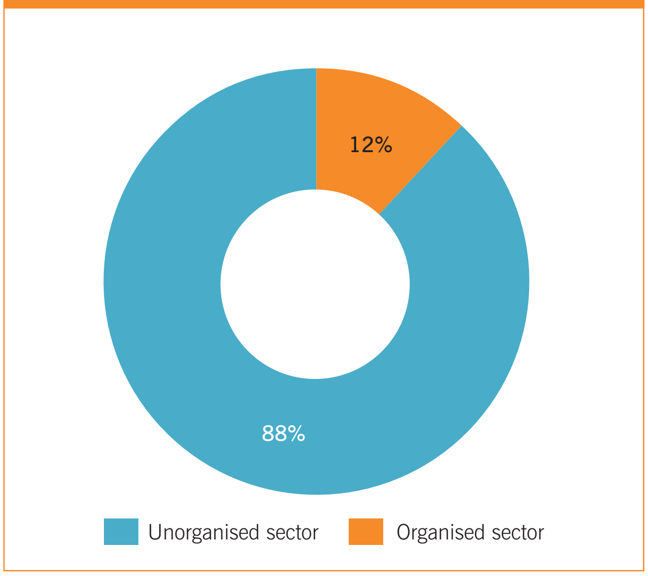
Share of Logistics cost in total sales for various industries



Logistics Industry at US$100 Bn (2007)



Logistics Industry at US$385 Bn (2015)



Industrial clusters

An industrial cluster is a set of industries linked by buyer–supplier and supplier–buyer relationships or by common technologies, common buyers or distribution channels or common labour pools. It is a geographical concentration of enterprises producing similar and closely related products across a small designated area. The benefits of industrial clusters include economies-of-scale, technology transfer and the availability of human capital. As firms physically congregate in one region, spill-over of knowledge, people and technology lead to increased productivity and reduced costs for all firms.

Special Economic Zones (SEZs) overview

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

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

Most Indian IT majors are likely to shift operations from Software Technology Parks of India (STPIs) to SEZs as the government plans to do away with the STPI scheme (that has been extended only by a year till March 2010), which provides for tax benefits under 10A/10B. SEZs will permit a deduction of export profits upto 15 years in a phased manner.

Advantages of SEZs

- Faster economic growth
- Large-scale employment generation
- Increased foreign earnings
- Infusion of modern technologies and their rapid incorporation and absorption
- Economies in production due to clustering
- Inviting massive investments to unleash the economic prosperity of the region

Incentives for the SEZ developer

- Import/procurement of goods without payment of duty for development, operation and maintenance
- Income tax exemption for a block of 10 years in the first 15 years of operation
- Full freedom in developed plot allocation to approved SEZ units on a purely commercial basis
- Full authority to provide services like water, electricity, security, restaurants, recreation and amusements centres
- Foreign investment permitted to develop township within the SEZ with residential areas, markets, playgrounds, clubs and recreation centre, among other allied facilities
- Income tax exemption to investors in SEZs under Section 10 (23) of the Income Tax Act
- Exemption from service tax, MAT and State VAT
- Investments made by individuals/ entities in an SEZ company are eligible for exemption under Section 88 of the Income Tax Act
- Development promoted to transfer infrastructure facility for operations and maintenance under Section 80IA of the Income Tax Act
- Generation, transmission and distribution of power in SEZs are permitted

Benefits to tenants

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

State-wise distribution of SEZs

State	Formal approval received	In-principle approval	Notified SEZs
Andhra Pradesh	106	4	74
Chandigarh	2	0	2
Chhattisgarh	2	2	0
Delhi	3	0	0
Dadra & Nagar Haveli	4	0	2
Goa	7	0	3
Gujarat	47	13	30
Haryana	45	17	32
Himachal Pradesh	0	3	0
Jharkhand	1	0	1
Karnataka	51	10	32
Kerala	28	0	17
Madhya Pradesh	14	7	6
Maharashtra	108	39	61
Nagaland	2	0	1
Orissa	10	3	5
Puducherry	1	1	0
Punjab	8	7	2
Rajasthan	8	11	7
Tamil Nadu	70	19	57
Uttar Pradesh	34	5	17
Uttaranchal	3	0	2
West Bengal	23	14	11
Total	**577**	**155**	**362**

Source: http://www.sezindia.nic.in/

Intense SEZ activity is underway in Andhra Pradesh, Maharashtra and Tamil Nadu. Tamil Nadu attracted Rs 30,512 cr worth industrial investment in 2008-09, bettering the target of Rs 30,000 cr. In Maharashtra, 111 special economic zones (SEZs) have been approved and 116 mega projects with an investment of Rs 114,150 cr (Rs 114,153 cr/USD 23.5 billion) are in the pipeline. Andhra Pradesh is expected to attract an investment of Rs 35,000 cr and create 2.5 million jobs through SEZs proposed in the state.

Some success stories in SEZs

	Nokia SEZ	Mahindra City SEZ	Apache SEZ	Wipro Ltd	Mundra Port & SEZ	Reliance Jamnagar Infrastructure Ltd.
Type	Telecom Equipment	Apparel, IT / Hardware, Auto Ancillary	Footwear	IT	Multi-Product	Multi-Product
Location	Tamil Nadu	Tamil Nadu	Andhra Pradesh	Andhra Pradesh	Gujarat	Gujarat
Physical Exports	Rs 10,385.3 cr effected in three years (2006-07 to 2008-09)	Rs 1,524.56 cr effected in three years (2006-07 to 2008-09)	Rs 172.03 cr was effected in three years (2006-07 to 2008-09)	Rs 586 cr was effected in two years (2007-08 to 2008-09)	Rs 768.44 cr was effected in two years (2007-08 to 2008-09)	Rs 9,882.28 cr in 2008-09
Direct Employment	14,859	9,383	5,342	4,437	870	2,385
Investment	Rs 2,225.47 cr	Rs 1,372.5 cr	Rs 227.15 cr	Rs 371.701 cr	Rs 5,219.00 cr	Rs 32,082 cr

The value of exports made from SEZs during 2008-09 was Rs 99,689 cr against Rs 66,638 cr in the previous year, an increase over 50 percent. The country's tax-free enclaves have attracted foreign direct investment of over Rs 10,900 cr in the last three years. The SEZs continued to generate employment in a year marked with layoffs across sectors. More than 50,000 jobs were created in these zones last fiscal year, taking the total employment figure to 3,87,439 persons. The doubling of the share of India's exports by the end of the Eleventh Five-Year Plan holds an attractive potential for service exports.

Source: http://www.thehindu.com

Real estate sector

The Indian real estate sector plays a significant role in the country's economy. The real estate sector is second to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP). Almost 5 percent of the country's GDP is accounted by the housing sector. In the next five years, this contribution to the GDP is expected to rise to 6 percent. According to industry players, housing accounts for 4.5 percent of gross domestic product (GDP) with urban housing accounting for 3.13 percent.

Almost 80 percent of real estate developed in India is residential space, the rest comprising offices, shopping malls, hotels and hospitals. According to the Eleventh Five-Year Plan, there is a shortage of 26.53 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.

Moreover, India leads the pack of top real estate investment markets in Asia for 2010, according to a study by PricewaterhouseCoopers (PwC) and Urban Land Institute, a global non-profit education and research institute. Apart from the huge demand, India also scores on the construction front. A McKinsey report reveals that the average profit from construction in India is 18 percent, which is double the profitability for a construction project undertaken in the US. *(Source: India Brand Equity Foundation, www.ibef.org)*

Key segments

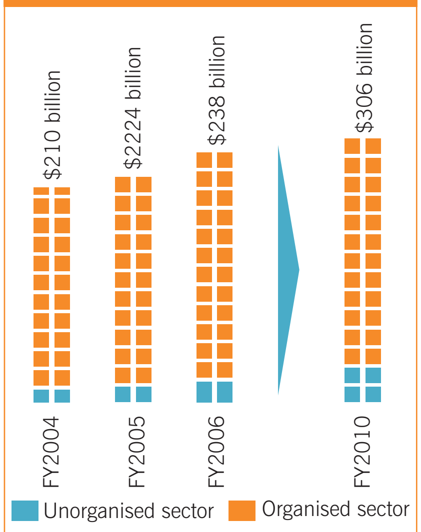
Commercial development: *The commercial real estate segment includes office spaces, retail spaces and hospitality spaces. The commercial real estate market in India has been evolving in response to a number of changes in the business environment.*

Key drivers of commercial real estate growth

Office space	Retail space	Hospitality space
■ Growth in IT/ITeS sector at 30 percent annually ■ Significant growth in FDI	■ Rising consumerism with doubling of disposable income ■ Growth in Organized Retailing ■ Entry of international retailers	■ More than 4.4 million international visitors and 430 million domestic tourist visits annually ■ Low cost airlines ■ India reacquiring recognition as a medical tourism destination ■ International events such as Commonwealth Games ■ Emergence of India as a MICE (meetings, incentives, conventions and events) destination

Source: India Brand Equity Foundation, www.ibef.org

Growth of Retail Industry



Source : Eddiwiss, E&Y Research

The IT and ITeS sector alone is estimated to require 150 million square feet of office space across urban India by end of 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 square feet by end of 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.

Tier-III cities account for a relatively small proportion of real estate activity (21 percent of modern offices and 34 percent of shopping malls), but with 41 percent of the country's wealth, the potential of these tertiary markets is clearly evident. Affordability, both in terms of real estate and labour, is the principal driver behind many corporations having a presence in tier-III markets.

- Grade-A office rents can range from 20-40 percent of the levels found in peripheral areas of the large metros, such as Mumbai.
- Labour costs are also substantially lower with many tier-III locations having wage rates that are one-quarter the levels found in tier-I cities.

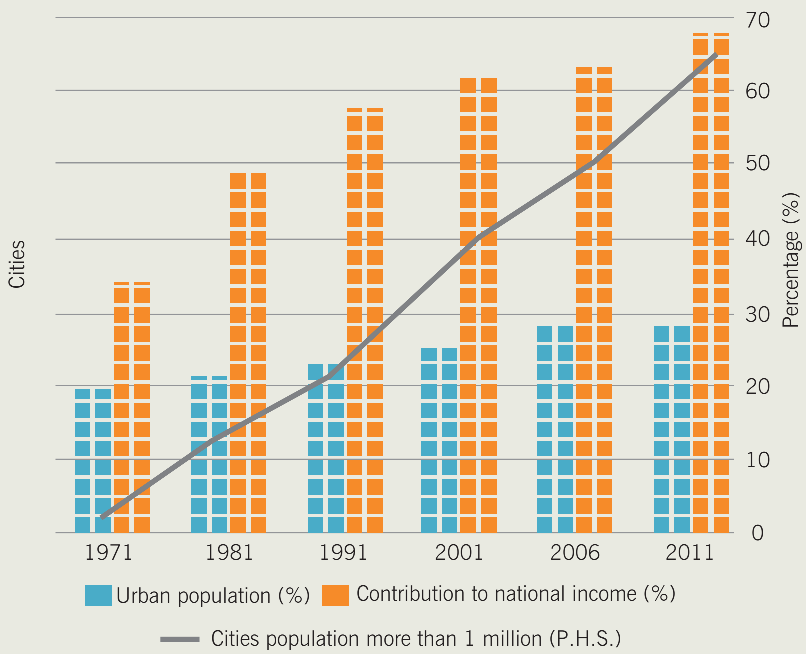
The expected growth in each of the segments of commercial real estate is as follows:

- The organized retail market is expected to grow at 15 percent annually, and will form around 10 percent of total sales. This will entail greater geographical spread of organized retail into tier-I and tier-II cities, and demand for retail space.
- Estimates of the Ministry of Tourism, Government of India, show a total of 2.9 million and 6.6 million hotel rooms in India by 2010 and 2020 respectively. As per Hindu Business Line, demand for hotel rooms in India in the organised sector is expected to post a compounded annual growth rate (CAGR) of 8-10 percent a year by 2011. (Source: Hindu Business Line)
- NASSCOM estimates the IT/ITeS industry to reach USD 14,800 cr by 2012. As per E&Y estimates, this will require about 250 million square feet of commercial office space by 2012.

With tier-I cities being choked and saddled with exorbitantly high costs and tier-II cities appearing to join the fray, new urban development in tier-III cities is gaining prominence.

Residential development: The urban population has been growing over the last four decades. The population growth in cities has been largely driven by migration. Investments in housing, like any other industry, have a multiplier effect on income and employment. It is estimated that the overall employment generation in the economy due to

Population demographics



Source : National Institute of Urban Affairs, UNDP, E&Y Research

additional investment in the housing/construction sector is eight times of the direct employment (IIM-A Study 2005). Construction sector employment is growing at the rate of 7 percent per annum (2008 estimate).

Affordable or low-cost housing has been gaining resonance with several mid-end and high-end players jumping fray, largely triggered by the economic slowdown and jittery buyers. The TATA group is coming up with Nano homes under the name SHUBH GRIHA, priced between Rs 3.9 lakh and Rs 6.7 lakh, in a township being developed at Boisar, 100 km from Mumbai. The company is expecting a turnover of Rs 100 cr from the project. Tata Housing aims to build up to 15,000 low-cost homes over the next three-four years. Other players in this space include Unitech, Janagriha Nano Housing, Jerry Rao's Value Budget Housing Development Corporation (VBHDC) and CSC Constructions.

The key drivers of residential real estate in India are

- **Rapid urbanisation:** Urban population expected to touch 590 million by 2030.
- **Decreasing household size:** Average increase in number of nuclear families estimated to be over 300 million (middle class population).
- Number of rich household growing at CAGR of 21 percent.
- Increasing working age population (almost 64 percent in 16-64 age groups).
- **Increasing income levels:** per capita GDP increased by 66 percent in last five years.

Source: India Brand Equity Foundation, www.ibef.org

Reforms in the real estate sector

In recent years various reforms have been initiated at the Central as well as State levels, which have led to greater organization and transparency in the real estate sector. Under Press Note (PN) 2, 100 percent FDI is allowed in real estate projects with certain curbs.

- 100 percent 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 the Special Economic Zones Act, 2005.
- Minimum capital investment for wholly-owned subsidiaries and joint ventures stands at USD 10 million and USD 5 million, respectively.
- Full repatriation of original investment after three years.

Source: India Brand Equity Foundation, www.ibef.org

Real Estate Mutual Funds (REMFs) and Real Estate Investment Trusts (REITs) are likely to bolster the sector significantly. According to a CRISIL paper, REITs would have the potential to hold at least 5 percent share of the total global real estate market by end of 2010, the size of which would turn to USD 140,000 cr in the next 3 years. Foreign direct investment (FDI) into India in the real estate sector for the fiscal year 2008-09 has been USD 12,620 cr approximately, according to the latest data given by the Department of Policy and Promotion (DIPP).

Source: India Brand Equity Foundation, www.ibef.org

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. Karanjit Singh Jasuja

Mr. Sai Baba Vutukuri

Company Secretary

Mr. S Sivaraman

Auditors

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

Registered Office

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

Stock Exchanges

Where the share of the Company are listed
i) Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

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

Registrar & Transfer Agent

Cameo Corporate Services Limited
Subramanian Building
No. 1, Clubhouse Road, Chennai 600 002

MARG Spirit of Visioneering

MARG Swarnabhoomi THE UNCITY The new paradigm for business, living and learning.

MARG FOUNDATION india Engineering | Procurement | Construction

MARG karaikal port

MARG ProperTies

MARG Junction

Directors' Report

The Directors present the 15th Annual Report along with the audited accounts for the year ended 31st March 2010.

1. Financials

(Rs. in Crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Income from operations	745.39	462.99
Non-operating Income	15.49	0.18
Total income	760.88	463.17
Total expenditure	626.14	380.17
Profit before depreciation, interest and taxation	134.74	83.00
Depreciation	5.17	6.44
Interest & finance charges	14.38	13.63
Profit before tax	115.19	62.93
Current Taxes	40.00	19.00
Prior Period Taxes	–	0.19
Deferred Taxes	(4.78)	2.67
Fringe Benefit Tax	–	0.17
Profit after tax	79.97	40.90
Balance in Profit & Loss Account	120.15	90.24
Amount available for appropriation	200.12	131.14
Dividend	6.59	5.12
Dividend tax	1.12	0.87
Transfer to general reserve	7.00	5.00
Balance carried to Balance Sheet	185.41	120.15

The year under review was a good year of operations resulting in operations income of Rs 745.39 Crores as against Rs 462.99 Crores in the previous year, amidst extra ordinary challenges in the construction / infrastructure sector.

2. Operations

During the year, the company has scaled new heights and set new benchmarks in terms of operating income, profits, networth, assets & EPS. The year under review was a good year of operations resulting in operations income of Rs 745.39 Crores as against Rs 462.99 Crores in the previous year, amidst extra ordinary challenges in the construction / infrastructure sector. The operations income for the year 2009-10 grew by 61%, and the profit before tax was Rs 115.19 Crores as compared to Rs 62.93 Crores in the previous year. The profit after tax as percentage to Operations income was 11% in the year 2009 – 10 as against 9% in the year 2008 - 2009.

The Company clocked a total income of Rs 760.88 Crores and the basic earning per share (EPS) was Rs 30.10 on capital of 2.72 crore shares and diluted earning per share was Rs 26.68 on 2.98 crore shares of Rs 10 each for the year under review.

3. Recent Developments

A. In April 2010, The Company raised Rs 106.94 crores through QIP (Qualified Institutional Placement) of Equity Shares at an offer price of Rs 189.88 per share.

B. MARG Limited and Karaikal Port Private Limited (a subsidiary of M/s. MARG Limited) signed share subscription agreement and share holders agreement with "India Infrastructure Fund" (IIF) of IDFC in March 2010, under which the IIF will invest, subject to the terms contained in such agreements, INR 150 cr, both in Equity Shares and Redeemable Preference shares in Karaikal Port Private Limited.

C. Karaikal Port received a total of 170 vessels as on March 31, 2010, post commencement of operations in the fiscal year 2009. This includes project cargo vessels, off shore supply vessels, general cargo vessels, etc.

D. MARG entered into a joint venture with Virginia Tech University (USA) to set up the "VIRGINIA TECH MARG Swarnabhoomi" campus. The objective is to deliver programmes in India to foster graduate education as well as scientific and technological engagement. The MoU was signed on March 9, 2010.

E. MARG signed a "Project Development Agreement" with the Government of Karnataka in January 18, 2010, to develop the Bijapur Airport.

F. The spiritual leader, Sri Sri Ravi Shankar laid the foundation stone for the Art of Living Meditation Centre and the Swarnabhoomi Academy of Music at MARG Swarnabhoomi on November 27, 2009.

G. In SEZ, near Kalpakkam, Padmashree A.R.Rahman did a music concert in September, 2009, in which over 1 lakh people participated on the occassion of inaugurating Utsav Project and handing over of Navratna Phase – I Apartments to the valued customers.

H. The Company's shares are traded as "Permitted Security" on NSE vide its circular, NSE/LIST/C/2009/0568 dated November 3, 2009, with effect from November 5, 2009

4. Awards & Recognition

i. 'Fastest Growing Construction Company' (Small Category) – 1st Rank at the 7th Construction World Annual Awards 2009, Mumbai.

ii. Awarded the Prestigious 'Sir Visvesvaraya industrial Award' – All India Manufacturers Organisation (TNSB) in 2010.

iii. 'EXIM Achievement Awards' – 2010 by 'The Tamil Nadu Chamber of Commerce' for Karaikal Port Pvt Ltd.

iv. In recognition of sphere heading activity in Infrastructure, the Company has been awarded with 'CII Tamilnadu Emerging Entrepreneur award' for Vision and Willingness to Dream Big, in 2010 was awarded to our CMD – Mr. GRK Reddy.

v. 'Outstanding Achievement Award' for Port Development & Management in Shipping, Marine & Ports from Shri Kateekal Sankaranarayanan, Governor of Maharashtra in 2010.

vi. 'Corporate Social Responsibility' award for being the premier sponsor of the Chennai Marathon in aid of 'Give Life Charity'.

5. Business Verticals

The Company is currently into the following Business verticals:

A. Infrastructure Development

In the Infrastructure segment, the Company has five broad zones viz.,

- Karaikal Port, Puducherry
- Special Economic Zone, Seekinakuppam, near Chennai, Tamil Nadu
- Multi Level Car Parking Project (MLCP), Chennai, Tamil Nadu
- Captive Ship Repair Yard, Mugaiyur, Tamil Nadu
- Bijapur and Bellary Airports, Karnataka

B. Real Estate Development

In the Real Estate development, the Company is currently implementing the following projects:

- **Commercial Projects**

  MARG Junction, Chennai – comprising of Mall, Multiplex, Hotel, office / commercial complex.

- **Residential Projects**

  Pushpadruma, Tapovan, Viswasakthi, Navratna, Utsav and Savithanjali

C. Services

The Company's EPC division provides integrated turnkey solutions. The range of services provided includes integrated design, engineering, material procurement, field services, construction and project management services for infrastructure and real estate sector projects.

Under its EPC contracting business, it has successfully constructed:

- Integrated port development for 5 MMT with 2 berths, breakwater & dredging
- Commercial space of over 0.75 million square feet
- Residential space of approx. 0.5 million square feet
- Wind power projects for over 100 MW
- Road construction projects of over 55 Kms

The Company has also forayed into the logistics sector with the commencement of operations in the Karaikal port. The logistics services is being provided by its wholly owned subsidiary, M/s. MARG Logistics Private Limited.

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

6. Share Capital

During the year, the Company issued 6,771,619 warrants to Promoters, Employees and Associates convertible into equal number of equity shares. On 29th September 2009, 1,562,100 warrants were converted into 1,562,100 Equity Shares and on 4th November, 2009, 37,888 shares were allotted under ESOP 2006 scheme. Due to this, the total number of paid-up shares of the company increased to 27,208,369 shares as on 31.03.2010.

7. Dividend

The Directors recommend a dividend of Rs 2 on the face value of Rs 10 per equity share for the year ended 31st March 2010.

8. Directors

Mr. Karanjit Singh Jasuja and Mr. Saibaba Vutukuri, Directors, retire by rotation and being eligible offer themselves for re-appointment at the forthcoming Annual General Meeting.

9. Auditors

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

10. Subsidiary Companies

The Company has 82 subsidiaries as on 31st March 2010.

The Company has been granted exemption by the Central Government vide their letter no: 47/602/2010-CL-III dated 23/06/2010 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 the 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", 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.

11. Corporate Governance

A report on Corporate Governance approved by the Board of Directors of the Company and a Certificate from the Auditors of the Company is set out in the Annexure III to this Report. The Company is committed to adopt good standards of corporate governance and adheres to best practices specified under the Companies Act and Listing Agreement with the Stock Exchanges.

A Management Discussion and Analysis Report is annexed to this Report.

12. Conservation of energy, technology absorption and foreign exchange earnings

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

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

The information on foreign exchange earnings and outgo is given at sl. no. 12 of schedule 17 (Notes on Accounts), forming part of the Accounts. A separate statement is also attached as Annexure I to this Report.

13. Particulars of Employees U/S 217(2a)

Information in accordance with the provisions of Sec.217 (2A) of the Companies Act, 1956 read along with the Companies (Particulars of Employees) Rules 1975 as amended, forms part of this Directors' Report. However, as per provisions of Sec.219 (1)(b)(iv) of the Companies Act, 1956, the annual report and accounts excluding the aforesaid information are being sent to the shareholders of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company for the same.

14. 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 2010, 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.

15. Fixed Deposits

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

16. 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 governed by the Compensation Committee of the Board of Directors.

The Company has granted ESOP to employees as per the ESOP Scheme 2006. Under this scheme, a total of 487,185 options were granted to the employees and 278,926 options are in force and 170,371 options were lapsed as on 31st March, 2010. During the year under review, 37,888 options were converted into equal number of equity shares.

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

17. Joint Venture

(i) Future Parking Private Limited, in which your Company holds 51% of equity shares on paid -up capital of the company, is into a joint venture with M/s. Apollo Hospitals Enterprise Limited for the development of Multi Level Car Parking - MLCP at Wallace Garden, Chennai on BOT basis for a period of 20 years including 2 years of construction period with a provision of right for development of commercial complex along with the MLCP facility for the entire BOT period. The Project when commissioned would ease parking difficulties to the public at large.

(ii) Signa Infrastructure India Limited, in which your Company holds 74% of equity shares on paid-up capital of the company, is into a joint venture with Housing and Urban Development Corporation Limited (HUDCO) for a Techno Financial collaboration between the company and HUDCO. Presently this JV company is bidding for various construction/ infrastructural projects.

18. Employee Relations

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

Acknowledgement

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

For and on behalf of the Board of Directors

Place: Chennai
Date : 11th August, 2010

G R K Reddy
Chairman & Managing Director

Management Discussion and Analysis Report

Industry Structure and Development

MARG is an infrastructure, real estate and service provider Company. In the Infrastructure development segment, the Company by itself and through its subsidiary operates projects such as port, airport, multi-level car parking and captive ship repair business. The development of light engineering and multi services SEZ are integral part of infrastructural activities of the Company. In the real estate segment, the Company executes both commercial and residential projects. The services segment provides EPC contracting, dredging and logistics. The in-house EPC division of the Company has been successfully leveraged in the construction of infrastructural and real estate projects.

The global economic crisis, in 2009-10 impacted the economic growth of our country, more so the infrastructure and service sector industry. However, thanks to the stimulus announced by the GOI in the 2nd quarter of 2009, which witnessed an impetus in the growth rate of the GDP for 2009-10 at 7.2% against 6.7% in 2008-09. The favourable economic solutions for the industry as a whole enabled infrastructure and service sector to finish the financial year with good performance.

Business Verticals Overview, Business Segment Review and Outlook

The Company's present activities are in the following:

Infrastructure Development	Port, Ship Repair Yard, Marine Services, Setting up of SEZs, Airport, Power Project, PPP Projects, Multi Level Car Parking
Services	■ EPC division carrying out integrated turnkey solutions for Greenfield and Brownfield projects ■ Dredging Services ■ Logistics Services
Real Estate Development	Commercial & residential spaces like Mall, Serviced Apartments, Villas, Hotel, Affordable homes, Row houses, Independent houses etc.

Infrastructure Development

MARG has established itself as a key player in the infrastructure space in India. The Company and its subsidiaries operate in:

- Port
- Ship Repair Yard
- Special Economic Zones (SEZs)
- Multi Level Car Parking Project (MLCP)
- Construction of Airport on BOT basis
- Power Project

Karaikal Port in Puducherry is a flagship project of the Company and has successfully started its commerical operations of Phase I of the project on June 1, 2009. The first project cargo vessel was received by the port on April 15, 2009. The port can currently handle a capacity of 5.2 MMT of cargo and it has already catered to more than 170 vessels as on March 31, 2010. The project cost is estimated to be Rs. 1,500 cr for Phase II A and debt financing of Rs. 1,095 cr is already tied up. Development of Phase IIA is currently in progress and the same is scheduled to be completed by FY 2012 and this will increase the cargo handling capacity of the port to 21 MMT.

Further, the Company's subsidiary, M/s. MARG Swarnabhoomi Port Private Limited has been granted an in-principle approval by the Tamil Nadu Maritime Board through its letter no. 7996/S1/2008 dated February 11, 2009 for establishing a Captive Ship Repair Facility at Mugaiyur, Tamil Nadu.

The Company being active player in the Infrastructure and Real Estate Development has set up two SEZs at Seekinakuppam near Chennai through a wholly-owned subsidiary namely, M/s. New Chennai Township Private Limited (NCTPL). NCTPL, under the brand name of, "MARG Swarnabhoomi" has undertaken the setting up of two SEZs in the field of Light Engineering Services and Multi-Services in the total area of 312 acres in the SEZ processing zone and 300 acres in non-processing zone for establishing residences, schools, hospitals, parks, recreation centres, malls, etc.

The Corporation of Chennai has awarded a contract to the consortium of MARG Ltd and Apollo Hospitals Enterprise Ltd (AHEL) on February 2009 on BOT basis for a period of 20 years for the development of MLCP at Wallace Garden, Chennai. The Consortium has formed a Special Purpose Vehicle namely M/s. Future Parking Private Limited (FPPL), for setting up of this project and the equity contribution would be 51% and 49% by MARG Limited and AHEL respectively.

The Company has been awarded a contract for the development and operation of a Greenfield airport at Bijapur by the Government of Karnataka, on November 2008 on BOT basis under the public-private partnership (PPP) model for 30 year concession period. The total project cost for Phase I is estimated around Rs 150 cr. The selection of master planners for this project is in progress.

The Company under its EPC contract business has already executed power projects aggregating to a capacity of about 100 MW of renewable energy across Andhra Pradesh, Karnataka and Maharashtra, it has proposed to venture into setting up of a coal fired thermal power plant near its all-weather port at Karaikal. The pre feasibility study is underway.

Services

EPC

The Company's EPC division provides integrated turnkey solutions. Its range of services includes providing integrated design, engineering, material procurement, field services, construction and project management services for infrastructure sector projects and real estate sector projects.

The Company caters to both green-field and brownfield projects and offers engineering, procurement and construction services for:

- **Work Place buildings:** IT Parks, Office Complexes
- **Institutional buildings:** Business Schools, Hospitals, Schools
- **Living Spaces:** Affordable housing, High end villas
- **Industrial Clusters:** Special Economic Zones
- **Marine Infrastructure:** Break water, berth, dredging
- **Urban Infrastructure:** Airport, Shopping Arena, Multiplex, Hotel, Roads, Water and Sewage pipelines, Desalination plants
- **Energy:** Transmission lines (HT / LT), Sub-stations.

The Company has executed number of large projects for various government agencies, international companies and large Indian corporates.

Dredging

The Dredging business is another area that MARG is exploring. The EPC division of MARG has successfully completed the dredging work for Phase I of Karaikal Port and is currently involved in Phase IIA. The Company through its subsidiary, M/s. MARG International Dredging Pte Limited (MIDPL) owns a cutter suction dredger, 'MARG Cauvery'. MIDPL has set up an office in Singapore. It is actively looking at expanding its capacity and is also exploring the possibility to handle projects for external clients.

Logistics Services

Logistics service is another new area that MARG is actively pursuing. This is vital to the success and growth of the port business. M/s. MARG Logistics Private Limited (MLPL), a wholly owned subsidiary of the Company has been established to pursue opportunities in this area. MLPL is currently handling the logistics at Karaikal Port.

Real Estate Development

The Company's real estate activities can be broadly classified into commercial and residential realty ventures. The Company executes the real estate projects either on its own or through wholly-owned subsidiary or through joint ventures. The Company's present commercial project caters to the diverse needs of the retail, office and hospitality sectors.

Currently the Company is executing some key residential projects - by itself or through its wholly owned subsidiary - which includes Pushpadruma, Savithanjali in Chennai, Vishwashakthi in Tirupati – Andhra Pradesh, Ramalakshmi Enclave in Tenali – Andhra Pradesh, Navratna and Utsav at the MARG Swarnabhoomi in Chennai and Tapovan Villas in Kancheepuram district – Tamil Nadu.

Presently the Company is executing a multi development project which comprises of a mall, multiplex, hotel cum office space. The project is being developed by its wholly owned subsidiary, Riverside Infrastructure (India) Private Limited. The Company's forthcoming commercial projects cater to the diverse needs of the retail, hospitality and leisure sectors.

Opportunities, Threats, Risks And Concerns

Outlook:

The Government proposed to increase the momentum in the investment proposals for roads, airports, ports, railways, metro rail and other infrastructural facilities. The share of the private sector in the rapidly growing infrastructural activities will create a substantial portion of business opportunity for the infrastructure/real estate companies.

The year 2010 looks positive in comparison to earlier years, but for inflation which is pegging up gradually. This may force banks and financial institutions to curb to extend loans and finance facilities to infrastructure/real estate sector, if so, liquidity may be a problem for the Company.

Opportunities:

The affordable housing scheme introduced by the Company will create an entirely new segment in the real estate vertical and this would benefit the public at large to address one of the basic necessities of life - housing.

The robust growth in port activities, industrial urban infrastructure services and increased opportunities for EPC are all expected to drive growth prospects to the Company's business, turnover and profits.

Risks and concerns:

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

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

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

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

Management Initiative

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

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 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. This is to ensure that assets are safeguarded and all transactions are authorized, recorded and correctly reported. The Company's 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. The Company's total income increased by 64% in FY 2010 as compared to the FY 2009. The total income increased to Rs. 760.88 crores in fiscal year 2010 from Rs. 463.17 crores in fiscal year 2009.

Income from operations increased by 61% in FY 2010 compared to FY 2009.

In FY 2009 & 2008, the development activities on the major projects of MARG, carried out by its subsidiaries gained pace, which contributed to rapid increase in the income from operations of the Company.

The Company's operations depend upon the productivity of its labour force and those of its subsidiaries.

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

Corporate Social Responsibility – Approach Towards Society

MARG Parivarthan – ('Chain of Change') is the CSR brand of MARG. Parivarthan is not about Corporate Social Responsibility, but it is to transform the society and the neighbourhood in our areas of impact.

The Company believes in overall growth and development of the Company and the society. True to this philosophy, the Company has organized skill development programmes, healthcare initiatives and lent its support to strengthening infrastructure in several schools in and around its areas of operation. This helps the Company in building healthy relationship with the people, garnering their support for smooth completion of project and also providing them with employment and means to a livelihood.

Some of the activities of CSR carried by MARG in 2009-10 were:

- A.R.Rahman's Jai Ho World Series in aid of The Sakthi Foundation and AR Rahman Foundation hosted by MARG at Swarnabhoomi in which over 1 lakh people participated and they stood for the cause of the physically challenged.
- Special programme was organized to commemorate the Children Day 2009 at Seekinankuppam Govt. School.
- Community Wellness programme in association with The Art of Living, Chennai at 19 Villages around MARG Swarnabhoomi in which over 1 lakh people participated and stood for the cause of the physically challenged.
- Portable Safe Drinking Water distribution for the devotees of Velankani and Thirunallar Festival – September 2009.
- Sri.Sri.Ravi Shankar's programme – Satsang at MARG Swarnabhoomi in Nov 2009.
- Family Day celebrated at MARG Swarnabhoomi on 24th Jan 2010.
- The Puduvai Marathon 2010, on 14th February 2010, organised jointly by MARG Swarnabhoomi and the Rotary Club of Pondicherry Charitable Trust received a whopping response, with around 8500 people participated in the event "going green to save the earth" and showed their solidarity on global warming.

Employee Wellness

The Company believes that maintaining quality, minimizing costs and ensuring timely completion of projects depends largely on the skill and performance of its employees. An open culture is actively encouraged and formal structures are in place to enable employees at all levels to reach out to the senior management, express their ideas and seek guidance. A transparent and objective performance management system ensures that individuals set the performance bar higher for themselves and exceed expectations every time. MARG as a family engages its employees in various social activities and festivals.

Human Resource Development

'Outstanding individuals make outstanding organizations'. At MARG we take great pride in our people - they are partners and drivers of our success. This has been an abiding principle with us.

The Company's and its Subsidiaries' ability to meet future business challenges depends on its ability to attract, recruit and retain talented and skilled personnel. Due to stiff competition amongst construction companies in India, particularly with the entry of international companies, the Company seeks to improve its competitiveness by increasing its focus on training its staff in advanced technology. Further, the Company ensures that it's engineering and technical personnel gains a wide range of work experience and learning opportunities by providing them with an opportunity to work on a variety of different types of large, complex construction projects.

Employees are empowered and encouraged to think and function as business owners by instilling in them the spirit of entrepreneurship. While ensuring accountability, it gives them the much needed sense of ownership.

Recruitments are conducted through Assessment Centres; apart from considering an individual's academic background, work experience and skill sets, a lot of importance is given to behavioural aspects, values, qualities and traits. Candidates are subjected to the 16PF (16 Personality Factors) Questionnaire derived by renowned psychologist Raymond Cattell.

The Company provides required training to the employees, including knowledge, skill development and executive training. It has sponsored few employees for executive MBA programmes and has sponsored various seminars, employee-training programmes among other things. Further, the Company also undertakes development programmes for senior management staff. The Company has also implemented the Employee Stock Option Scheme (ESOP) for attracting and retaining qualified, talented and competent personnel as well as fostering a sense of ownership and belonging towards the Company.

The year 2009-10 witnessed a growth in the number of employees within the organization. Currently, MARG employs more than 900 full-time staff. Besides recruiting candidates from premium institutes like NICMAR, IIM, IIT, GLIM and NLS, the Company also recruits candidates from rural Engineering colleges and Management schools.

Branding

MARG believes that branding of its projects and products help to register competitive edge, and value to its various stakeholders. 'MARG ProperTies' is the brand introduced in the financial year 2009-10. The Brands will create a sense of quality, image and belongingness to people, with whom MARG establishes unstinted relationship.

Cautionary Statement

Statements of Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements". Forward looking statements are based on certain assumptions and expectations of future events, over which the Company has no control. The Company shall not be responsible for loss, which may arise as a result of any action taken on the basis of the Information contained herein.

Report on Corporate Governance

1. Philosophy on Code of Governance

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

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

2. Board of Directors

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

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

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

Composition of the Board and directorship held during the year 2009-10 are as follows:

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

***Resigned From 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 50 years, is a Post-Graduate in Commerce. He started his career in 1985 as a Merchant Banker and gained rich experience in advising and structuring various financial instruments. Later in 1994, he moved to the Constructions & Infrastructure industry, and promoted 'MARG'. He made MARG a premier group operating in South India providing Marine, Infrastructure, Industrial Clusters, Real Estate, Power, Civil, Residential and Commercial Projects.

Mrs. V P Rajini Reddy, Director (Non-Executive) aged 43 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 in Chennai, catering to international clients' back office functions. She is anchoring the technology inflow and execution of various projects.

Mr. G Raghava Reddy, Director (Non-Executive) aged 78 years, is a B.E MIE, with over 41 years of experience in Infrastructure and Construction industry and involved in the construction of Nagarjuna Sagar Dam Diversion Tunnel, Nagarjuna Sagar Dam Right Canal at Gundlakamma River, Krishna Delta Regulation System, Godavari Barrage, Water Supply Canal to Visakapatnam Steel Plant, Spilway works for Yellashwaram Reservoir and Multistorey Commercial & Residential Complex in Vijayawada.

Mr. Arun Kumar Gurtu, Director (Non-Executive, Independent) aged 67 years is a Fellow Member of Institute of Chartered Accountants of India. He brings with him a rich experience of 33 years in Finance, Management and Taxation. He has held senior positions in various industries varying from Banking, Tea, Cable Paper, Construction and Real Estate. For the last 15 years, he has held senior position in Construction and Real Estate Companies. He has handled various projects from conception stage to commissioning stage. Presently he is carrying on profession of Advisory and Consultancy Services.

Mr. Karanjit Singh Jasuja, Director (Non-Executive, Independent) aged 49 years is a Fellow Member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He is a practicing Chartered Accountant and has been authoring articles and delivering lectures on various professional topics. He acts as an Advisor to corporates and is an expert in taxation and finance.

Mr. Saibaba Vutukuri, Director (Non-Executive, Independent) aged 46 years holds an MBA in International Business from Scandinavian International Management Institute, Copenhagen and is a graduate from National Dairy Research Institute. He has over 25 years of rich industrial experience in diverse industries both within and outside India with more than 10 years in the renewable energy. He had held top management positions in the areas of General Business Management, Business Development, Marketing, Project Construction and Execution, Manufacturing & Technology with multinational organisations such as Suzlon Energy Ltd, General Electric, Vestas (India) Pvt Ltd, APV Pasilac etc. Presently Mr. Saibaba is the CEO of Lanco Solar Pvt Ltd.

Attendance of Directors at Board Meetings and at Annual General Meeting

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

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

**Resigned From Board on 30th June 2009*

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

During the financial year 2009-10, SIX meetings of Board of Directors were held on 23rd May 2009, 30th June 2009, 31st July 2009, 29th September 2009, 28th October 2009 and 29th January 2010.

3. Committee of Directors

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

The Board has constituted SEVEN Committees namely:-

I. Audit Committee

II. Remuneration Committee

III. Shareholders/ Investors Grievance Committee

IV. Compensation Committee

V. Banking and Legal Matters Committee

VI. Capital Issues and Allotment Committee

VII. Business Review Committee

I. Audit Committee

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

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

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

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

**Resigned From Board on 30th June 2009*

Number of Meetings held and the dates on which held:

During the financial year 2009–10, FIVE meetings of Audit Committee were held on 22nd April 2009, 29th June 2009, 31st July 2009, 28th October 2009 and 29th January 2010.

Terms of reference

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

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

   i) Any changes in the accounting policies.

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

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

   iv) Limited Review Report of Auditors.

   v) Compliance with applicable accounting standards.

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

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

   viii) Disclosure of any related party transactions.

   ix) Qualifications in the Draft Audit Report.

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

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

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

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

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

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

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

l) To review Internal audit reports relating to internal control.

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

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

II. Remuneration Committee

Pursuant to the provisions of Clause 49 of the Listing Agreement, Board has constituted a 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. Karanjit Singh Jasuja	NED/ID/Member	1	1
4	Mr. P M Shivaraman*	NED/ID/Member	1	Nil

**Resigned From Board on 30th June 2009*

Number of Meetings held and the dates on which held:

During the financial year 2009 – 10, ONE meeting was held on 29th 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/ reappointment of the managerial personnel for such tenure as they may decide.

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

(d) Other benefits entitlement viz., Accommodation, Insurance, Medical expenses reimbursement, Leave Travel Allowance, Company's Car and Telephone at residence, etc.

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

Remuneration standards

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

Remunerations to Non Executive Directors

The Company presently doesn't pay any salary or remuneration to Non-Executive Directors other than sitting fee. Non-Executive Directors are paid sitting fee of Rs. 20,000 for each Board Meeting and 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 a fixed salary of Rs. 60 Lacs, HRA of Rs. 36 Lacs and other benefit as per company 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 Managing Director on recommendation of the Remuneration Committee.

The remuneration committee has recommended the commission payable to 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.

Generally 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 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:

Rs. in Lacs

Name(s) of Director(s)	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 held by the Directors in the Company as on 31st March 2010 are as follows:

Name	Number of Shares
Mr. G R K Reddy	4,100,000
Mrs. V P Rajini Reddy	950,000
Mr. G Raghava Reddy	1,100,000

None of the other Non-Executive Directors hold any shares in 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, the Board has constituted a Shareholders'/ Investors' Grievance Committee.

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

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	4	4
2	Mr. Arun Kumar Gurtu	NED/ID/ Member	4	4
3	Mr. Karanjit Singh Jasuja	NED/ID/ Member	4	4
4	Mr. P M Shivaraman*	NED/ID/ Member	1	Nil

**Resigned From Board on 30th June 2009*

Number of Meetings held and the dates on which held:

During the year FOUR meetings has been held on 21st April 2009, 4th August 2009, 28th October 2009 and 28th January 2010.

Compliance Officer

Mr. S Sivaraman, Company Secretary of the Company has been appointed as Compliance Officer with effect from 30th September 2009 and is responsible for the Compliance. Further the Company Secretary has been authorized to deal with all correspondence and complaints from the investors. He apprises the Committee about the status of Complaints and grievances.

Investors' Grievance Redressal

During the year, a total of 7 complaints were received and all the complaints were resolved to the satisfaction of shareholders. There were no outstanding complaints as on 31st March 2010.

IV. Compensation Committee

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

The members of the Compensation Committee are

(i) Mrs. V P Rajini Reddy,

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

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

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

V. Banking and Legal Matters Committee

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

The present members of the Banking and Legal Matters Committee are

(i) Mr. G R K Reddy,

(ii) Mrs. V P Rajini Reddy,

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

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

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

VI. Capital Issues and Allotment committee

The Committee was constituted for the purpose of capital issues and allotment of Equity Shares, and for allotment of convertible instruments and allotment of Equity Share upon conversion of such instruments. The Committee consists of ONE Executive and THREE Non-Executive Directors out of which TWO are Independent Directors.

The present members of the Capital Issues and Allotment Committee are

(i) Mr. G R K Reddy,

(ii) Mrs. V P Rajini Reddy,

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

(iv) Mr. Arun Kumar Gurtu (ID)

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

VII. Business Review Committee

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

The present members of the Business Review Committee are

(i) Mr. Arun Kumar Gurtu (ID)

(ii) Mrs. V P Rajini Reddy and

(iii) Mr. Karanjit Singh Jasuja (ID)

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

4. Subsidiary Companies and its Management

Individual Board of Subsidiary Companies manages, controls and superintends the affairs of them. The Company monitors performance of the subsidiary companies with reference to the Subsidiary's functions, performance, finance and management.

MARG has 81 Direct Subsidiary Companies and 1 Step-down Subsidiary Company as on 31st March 2010.

All subsidiaries other than M/s. Riverside Infrastructure (India) Private Limited, M/s. Future Parking Private Limited, M/s. Signa Infrastructure India Limited and M/s. MARG Swarnabhoomi Port Private Limited are wholly owned subsidiaries.

M/s. Swarnabhoomi Academy of Music, a Section 25 company, is a Step-down subsidiary of M/s. MARG Limited.

The paid up capital of M/s. Riverside Infrastructure (India) Private Limited as on 31st March 2010 is 104,000,000 Equity shares of Rs. 10 each. The Company holds 59% of Equity shares in M/s. Riverside Infrastructure (India) Private Limited as on 31st March 2010.

The paid up capital of M/s. Future Parking Private Limited as on 31st March 2010 is 10,000 Equity shares of Rs. 10 each. The Company holds 51% of Equity Shares in M/s. Future Parking Private Limited as on 31st March 2010.

The paid up capital of M/s. Signa Infrastructure India Limited is 50,000 Equity shares of Rs. 10 each. The Company holds 74% of the Equity Shares in M/s. Signa Infrastructure India Limited as on 31st March 2010.

and

The paid up capital of M/s. Marg Swarnabhoomi Port Private Limited is 12,500 Equity shares of Rs. 10 each. The Company holds 90% of the Equity Shares in M/s. Marg Swarnabhoomi Port Private Limited as on 31st March 2010.

5. General Body Meeting

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

Financial Year	Date	Time	Venue	No. of Special Resolution passed
2008-09	29.09.2009	3:00 P.M.	Hotel Fortune Select Palms, 142, Rajiv Gandhi Salai, Thoraipakkam, Chennai – 600 096.	3
2007-08	25.09.2008	2:00 P.M.	Hotel Fortune Select Palms, 142, Rajiv Gandhi Salai, Thoraipakkam, Chennai – 600 096.	3
2006-07	25.09.2007	4:00 P.M.	Hotel Maathus, 7, East Coast Road, Kottivakkam, Chennai – 600 041.	8

6. Postal Ballot

During the year the Company has not passed any resolution through postal ballot.

7. Disclosures

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

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

II. Company has complied with all the requirements of the Listing Agreement entered with Stock Exchanges as well as regulation and guidelines of SEBI. There has been no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any 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 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.

8. Means of Communication

I. The un-audited Financial Results on quarterly basis along with Limited Review Report by the Auditors of the Company are taken on record by the Board of Directors at its meeting as per the Listing requirement for 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 requirement of Clause 41 of the Listing Agreement are published within 48 hours in two newspapers, one in English daily - News Today, and one in Regional (Tamil) Language daily - Malai Sudar. Additionally it is also published in magazines and financial newspapers having national circulation.

III. The quarterly results, shareholding pattern and other mandatory information are available at the website of Company, i.e. www.marggroup.com. The Company's website provides all informations 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 15th Annual General Meeting

Date and Time: 30th September 2010 at 3.00 PM

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

II. Financial Year

The financial year of the Company commences with 1st April every year and ends with 31st March in the succeeding year. The financial year 2009-10 started on 1st April 2009 and ended on 31st March 2010. The current financial year 2010-11 started on 1st April 2010 and would end on 31st March 2011.

Publication of Financial Result:

First Quarter 30th June 2010:
on or before 14th August 2010

Second Quarter 30th September 2010:
on or before 14th November 2010

Third Quarter 31st December 2010:
on or before 14th February 2010

Fourth Quarter 31st March 2011:
on or before 30th May 2011

III. Date of Book Closure

The Register of Members and Share Transfer Books shall be closed for a period of 6 days starting from Saturday, 25th September 2010 to Thursday, 30th September 2010 (Inclusive of Both Days).

IV. Dividend Payment Date

Dividend if declared shall be paid on or after the AGM, i.e., after 30th September 2010.

V. Listing on Stock Exchanges

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

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

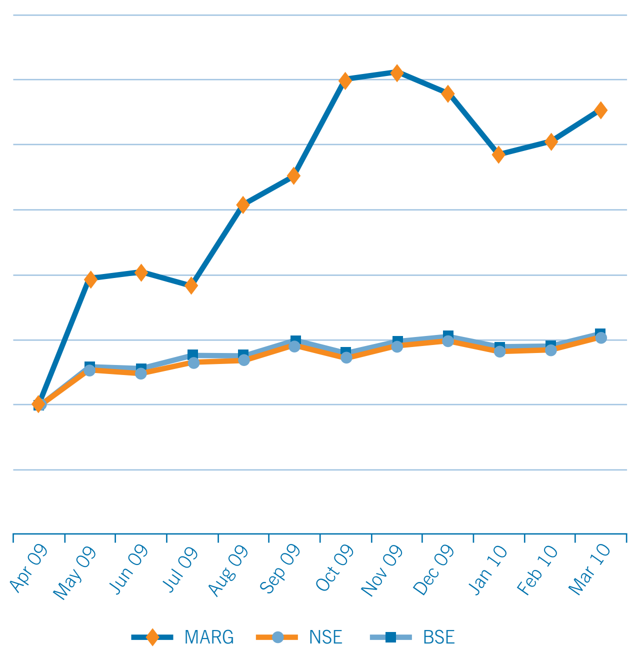
VII. Market Price Data

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

Year	Month	High (Rs.)	Low (Rs.)	Monthly Volume
2009	April	68.85	38.95	11,10,890
2009	May	108.75	51.00	21,49,391
2009	June	145.55	91.60	31,40,812
2009	July	122.30	82.05	17,12,043
2009	August	151.85	96.60	23,11,286
2009	September	168.85	133.75	20,74,657
2009	October	209.95	142.60	36,63,840
2009	November	219.80	180.20	19,96,006
2009	December	206.90	183.00	22,54,006
2010	January	198.00	151.50	14,67,848
2010	February	184.50	149.25	15,21,118
2010	March	204.90	167.40	18,09,619

VIII. Performance vis a vis BSE Sensex

The Share Prices of Equity Shares of Company vis a vis Sensex has been provided in graphic presentation as below:



IX. Registrar and Share Transfer Agents

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

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

X. Share Transfer System

As on 31st March 2010, shares representing 96.66% of total Capital of the Company are in electronic form. As regards transfer of shares in physical form the transfer documents can be lodged with M/s. Cameo Corporate Services Limited at the above address. The physical transfers are normally processed within 7-10 days from the date of receipt of documents, complete in all respects.

XI. Share holding as on 31st March 2010

(a) Distribution of shareholding as on 31st March 2010

No. of Shares held	No. of shareholders	% of Total Shareholders	Total Shares held in the Category	% of shareholding
Upto 500	11,376	88.82	1,232,239	4.53
501 to 1000	740	5.77	613,145	2.25
1001 to 2000	282	2.20	429,805	1.58
2001 to 3000	104	0.81	269,572	0.99
3001 to 4000	61	0.48	222,613	0.81
4001 to 5000	60	0.47	288,383	1.06
5001 to 10000	72	0.56	546,445	2.01
10001 & above	111	0.89	23,606,167	86.77
Total	**12,806**	**100.00**	**27,208,369**	**100.00**

(b) Categories of Shareholding as at 31st March 2010

	Category	No. of Shares Held	Percentage of Shareholding
A	**Promoter's Holding**		
1	Promoters	14,100,000	51.82%
2	Persons acting in Concert	Nil	0.00%
	Sub Total	**14,100,000**	**51.82%**
B	**Non Promoters Holding**		
A	Mutual funds/FIs/Banks	779,505	2.86%
B	FIIs	3,645,056	13.40%
C	Body Corporates	2,322,426	8.54%
D	NRI/FCB	1,716,530	6.31%
E	Indian Public (Individuals/HUF)	4,276,827	15.72%
F	Others	350,025	1.29%
G	Shares represented by GDRs	18,000	0.06%
	Sub Total	**13,108,369**	**48.18%**
	Grand Total	**27,208,369**	**100.00%**

XII. Dematerialization of Equity Shares and Liquidity

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

The Authorized Capital of Rs. 500,000,000 comprising of 50,000,000 equity shares of Rs. 10 each. The paid up Capital of the Company as on 31st March 2010 is Rs. 272,083,690 consists of 27,208,369 Equity shares of Rs. 10 each. Out of the above shares, 909,703 Equity Shares representing 3.34% are held in physical form and balance 26,298,666 Equity Shares representing 96.66% are held in demateralised form.

XIII. Outstanding GDR / FCCB / Warrants

There are no outstanding convertible instruments pending for conversion as on 31st March 2010 other than GDRs and Preferential Warrants.

The Company issued 1,351,500 GDRs in February 28, 2007, each GDR representing two equity shares, and raised USD 1.5 cr. The GDR's were listed on the Luxembourg Stock Exchange. As on March 31, 2010, 9000 GDR's convertible into 18000 equity shares were pending for conversion.

The Company, on August 25, 2009, has allotted 6,771,619 warrants convertible into equity shares of equal numbers to Promoters, Employees and Associates. These warrants are valid for a period of 18 months. Out of the above mentioned warrants, 1,562,100 were converted into equity shares on September 29, 2009, and 5,209,519 warrants are still pending for conversion as on 31st March 2010.

XIV. ESOP

The Company has granted ESOP to employees as per the ESOP

Scheme 2006. Under this scheme, a total of 487,185 options were granted to the employees and as of March 31, 2010, 278,926 options are in force. 44 Employees exercised a total of 37,888 options and these options were converted into equal number of equity shares on November 4, 2009.

XV. Location of projects

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

XVI. Address for Correspondence

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

The Company Secretary
MARG Limited
Marg Axis
No. 4/318, Rajiv Gandhi Salai
Kottivakkam
Chennai – 600 041
Ph: +91 44 3221 1944
Fax: +91 44 2454 1123
Email: investor@marggroup.com

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

M/s CAMEO CORPORATE SERVICES LIMITED
Subramanian Building
No. 1, Club House Road
Chennai – 600 002
Ph: +91 44 2846 0390 (5 Lines)
Fax: +91 44 2846 0129
Email: investor@cameoindia.com

- **Insider Trading**

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

- **Secretarial Audit**

The Secretarial Audit as required in terms of Circular No. D&CC/FITTC/CIR – 16/2002 dated 30th June 2002 is being done by a Practicing Company Secretary on quarterly basis for reconciling total admitted capital with NSDL and CDSL and total issued and listed capital. The Company has obtained Secretarial Audit Reports for all the four quarters during the year ended 31st March 2010 and the same have been forwarded to the Stock Exchanges. The audit confirms that the total issued/ paid up Capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

- **Code of Business Conduct and Ethics for Directors and Managerial personnel**

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

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

I confirm that the Company is in respect of the financial year ended 31st March 2010 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 2010.

G R K Reddy
Chairman and 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 & CFO of the Company was placed at the meeting of the Board of Directors of the Company.

Report on Corporate Governance

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

Report on Compliance

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

XVII. Non Mandatory Requirements

1. **The Board:**

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

2. **Remuneration Committee:**

   The details regarding the Remuneration Committee has been provided under heading, 'Committee of Directors' 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. The results are also published in English newspaper having a wide circulation and in Tamil newspaper having a wide circulation in Tamil Nadu respectively.

4. **Audit Qualifications:**

   During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt 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 endeavour to keep themselves updated with changes in global economy & 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 primarily based on the attendance and few other factors including contribution at the Board Meeting and at Audit Committee Meeting of the Board.

7. **Whistle Blower Mechanism:**

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

Annexure I

Description of Account:-Foreign Currency Transactions

Expenditure:- (Rs. in Crores)

Particulars	2009-10	2008-09
a Value of Imports Calculated on CIF Basis		
i. Components, Embedded goods and spare-parts	1.40	5.52
b Expenditure in Foreign Currencies		
i. Travelling Expenses	0.15	0.18
ii. Technical /Professional & Conference Expenses	0.13	0.49
iii. Charter Hire Charges	6.80	–
Total	**8.48**	**6.19**

Annexure II

Statement as at 31.03.2010, pursuant to Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Sl. No.	Description	ESOP 2006
A	Options granted during the year	2,50,844 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	2,08,259
D	Options exercised	37,888
E	Total number of Ordinary Shares arising as a result of exercise of Options	37,888
F	Options lapsed	1,70,371
G	Variation of terms of Options	Nil
H	Money realized by exercise of Options	37,88,800
I	Total number of Options in force	2,78,926

Sl. No.	Description	ESOP 2006	
J	Details of Options granted to a) Senior Management Personnel	**Names**	**No of Options**
		B.G. Menon	9440
		B Bhushan	4670
		Gouri Shanker Mishra	3121
		M Abdul Hakkeem	4209
		B Ramkumar	2085
		R Suresh	3517
		D. Joel Kirubakara Pandian	2195
		M. Venkateswaralu	5048
		K.M. Narayana Rao	3390
		A.S. Sri Hari	2072
		Lakshman Sainath	1177
		R. Natarajan	2289
		S. Ramakrishnan	3208
		M. Sivaraman	2643
		S. Sampath Kumar	3274
		Teo Yuan Cheng Casey	1629
		Sudhir N Shenoy	2002
		S. Krishnamurthy	3519
		Oscar Braganza	7546
		Subramaniam S	2388
		V. Raman	1723
		Ramesh Kumar Kona	1716
		K.S. Shashidhar	1760
		Vetrival Ramadoss	920
		K.M. Ravikumar	1499
		P. Jeyachandran	428
		B. Sankaranarayanan	773
		Shyamal Kumar Dass	1066
		N. Suresh	1609
		V. Chakradhara Rao	640
		Vijaykumar. S	1000
		Venkatachari	1499
		Vanchinathan. P	1100
		Sriram.S	1200
		Carthick Reddy. A.P	633
		Balasubramanian. S	1420
		Jawahar Singh	1280
		Soundhararajan. V	1499
		S Sivaraman	1100
		Arvind Kumar Sagar	2916
		Srikanthan J	1280
		Acharyulu M L N	2832
	b) Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year.	Nil	
	c) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil	

<table>
<tr><th>Sl. No.</th><th>Description</th><th>ESOP 2006</th></tr>
<tr><td>K</td><td>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.'</td><td>Rs. 26.68</td></tr>
<tr><td>L</td><td>i) Method of calculation of employee compensation cost</td><td>Intrinsic Value</td></tr>
<tr><td></td><td>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.</td><td>If the Company had used fair value of options, the calculation of employee cost would have increased by Rs. 0.30 crores</td></tr>
<tr><td></td><td>iii) The impact of this difference on Profits and on EPS of the Company (on standalone financial statements)</td><td>The effect of adopting the fair value method on the net income and earnings per share is presented below:
<table>
<tr><th></th><th>Rs. In Crores</th></tr>
<tr><td>Net Income as reported</td><td>760.88</td></tr>
<tr><td>Add: Intrinsic Value Compensation Cost</td><td>0.65</td></tr>
<tr><td>Less: Fair value Compensation Cost (Black Scholes Model)</td><td>0.95</td></tr>
<tr><td>Adjusted Net Income</td><td>760.58</td></tr>
</table>
<table>
<tr><th>Earning per share</th><th>Basic (Rs.)</th><th>Diluted (Rs.)</th></tr>
<tr><td>As reported</td><td>30.10</td><td>26.68</td></tr>
<tr><td>As adjusted</td><td>29.98</td><td>26.58</td></tr>
</table></td></tr>
<tr><td>M</td><td>Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price is less than the market price of the shares.</td><td>NA</td></tr>
<tr><td>N</td><td>A description of the method and significant assumption used during the year to estimate the fair values of Options</td><td>The fair value of each options estimated using the Black Scholes Options Pricing Model for non-dividend paying stock after applying the following key assumptions (weighted values for options granted during the year)
<table>
<tr><td>i) Risk free interest rate</td><td>6.73</td></tr>
<tr><td>ii) Expected life</td><td>4.10</td></tr>
<tr><td>iii) Expected volatility</td><td>73.73</td></tr>
<tr><td>iv) Expected dividend (in Rs.)</td><td>2.00</td></tr>
<tr><td>v) The price of the underlying shares in market at the time of option grant</td><td>NA</td></tr>
</table></td></tr>
</table>

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 2010 and the annexed Profit & Loss Account and Cash Flow Statement for the year ended 31st March 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent they are applicable to this Company.

4. Further to the comments in the Annexure referred to above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge were necessary for the purpose of our Audit.
   b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books.
   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts of the Company.
   d. According to the best of our information and explanations given to us, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in Section 211(3C) of The Companies Act 1956, in so far as they are applicable to the Company.
   e. On the basis of written representations received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 2010;
      ii. in the case of Profit and Loss Account of the Profit for the year ended 31st March 2010; and
      iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended 31st March 2010.

For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership no: 27476

Place: Chennai
Date : 11th August 2010

Annexure to Auditors' Report referred to in paragraph 3 of Our Report of even date to the Shareholders of Marg Limited

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

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

   c) During the year, the Company has disposed off a substantial part of fixed assets, Dredger. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said part of fixed assets has not affected the going concern status of the Company.

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 80 Subsidiary Companies covered in the register maintained under section 301 of the Companies Act. The maximum amount involved during the year was Rs. 373.25 Crores and the year end balance of loans granted to such companies was Rs.276.84 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 2010, for a period of more than six months from the date they became payable.

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

Income Tax Dues

Income Tax

Asst. Year	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
2007 - 08	1,340,625	-	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	-	Asst. Commissioner Sales Tax
2005 - 06	469,014	-	Asst. Commissioner Sales Tax
2006 - 07	1,123,972	-	Asst. Commissioner Sales 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 2017.10 Crores for loans raised by others from Banks. In our opinion, the terms and conditions of the guarantees are not prejudicial to the interests of the Company.

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

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

18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained U/s 301 of the Act during the year. The price at which shares have been issued is not prejudicial to the interest of the Company.

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

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

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

For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership no: 27476

Place: Chennai
Date : 11th August 2010

Balance Sheet

(Rs. in Crores)

Particulars	Schedule	As at 31-Mar-10	As at 31-Mar-09
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	27.21	25.61
Employee Stock Option	1A	0.80	-
Warrants Application Money		8.30	-
Reserves & Surplus	2	399.78	319.40
LOAN FUNDS			
Secured Loans	3	510.47	373.74
Unsecured Loans	4	0.56	-
DEFERRED TAX LIABILITY (Net)	5	1.38	6.17
		948.50	**724.92**
APPLICATION OF FUNDS			
FIXED ASSETS	6		
Gross Block		76.13	129.32
Less : Depreciation		13.13	14.28
Net Block		**63.00**	**115.04**
Capital Work In Progress		1.97	4.25
		64.97	**119.29**
INVESTMENTS	7	437.96	241.46
CURRENT ASSETS, LOANS & ADVANCES	8		
Inventories		46.98	42.04
Sundry Debtors		350.10	118.97
Cash & Bank Balances		51.08	27.89
Loans & Advances		457.83	398.76
		905.99	**587.66**
LESS : CURRENT LIABILITIES & PROVISIONS	9		
Current Liabilities		447.03	212.63
Lease Deposits/ Rental Advances		4.18	4.18
Provisions		9.21	6.68
		460.42	**223.49**
NET CURRENT ASSETS		**445.57**	**364.17**
		948.50	**724.92**
NOTES ON ACCOUNTS	17		

As per our Report of even date attached
For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

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

S. Sivaraman
Company Secretary

Profit and Loss Account

(Rs. in Crores)

Particulars	Schedule	Year Ended 31-Mar-10	Year Ended 31-Mar-09
INCOME			
Income from Operations	10	745.39	462.99
Other Income	11	15.49	0.18
		760.88	**463.17**
EXPENDITURE			
Cost of Projects/Other Operating Expenses	12	600.73	349.05
Personnel Expenses	13	9.93	12.72
Administrative Expenses	14	15.48	18.40
		626.14	**380.17**
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		**134.74**	**83.00**
Depreciation	6	5.17	6.44
PROFIT BEFORE INTEREST & TAX		**129.57**	**76.56**
Interest & Finance Charges	15	14.38	13.63
PROFIT BEFORE TAX		**115.19**	**62.93**
TAX EXPENSE			
Current Tax		40.00	19.00
Taxes - Prior Period		-	0.19
Deferred Tax	16	(4.78)	2.67
Fringe Benefit Tax		-	0.17
PROFIT AFTER TAX BEFORE PRIOR PERIOD ITEMS		**79.97**	**40.90**
Prior Period Items (Net)		0.47	-
PROFIT AFTER TAX		**79.50**	**40.90**
Balance brought forward from Previous Year		120.15	90.24
AMOUNT AVAILABLE FOR APPROPRIATION		**199.65**	**131.14**
APPROPRIATIONS			
Proposed Dividend		6.59	5.12
Dividend Tax		1.12	0.87
General Reserve		7.00	5.00
Balance carried to Balance Sheet		184.94	120.15
		199.65	**131.14**
EARNINGS PER SHARE			
Basic (Face Value Rs. 10/-)		30.10	15.97
Diluted (Face Value Rs. 10/-)		26.68	15.94
NOTES ON ACCOUNTS	17		

As per our Report of even date attached
For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

For and on behalf of Board of Directors

G R K Reddy
Chairman & Managing Director

V P Rajini Reddy
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Directors

B Bhushan
ED & CFO

S. Sivaraman
Company Secretary

Schedules forming part of Accounts

(Rs. in Crores)

Particulars	As at 31-Mar-10	As at 31-Mar-09
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		
27,208,369 Equity Shares of Rs.10 each	27.21	25.61
(Previous year 25,608,381 Equity Shares of Rs.10 each)		

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 1A EMPLOYEE STOCK OPTION		
Employee Stock Option Outstanding	2.15	-
Less: Deferred Employee Compensation Expense	1.35	-
	0.80	**-**

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 2 RESERVES & SURPLUS		
Securities Premium Account		
Opening Balance	185.59	185.59
Add: Addition during the year	8.60	-
Less: Warrant issue expenses written-off	0.01	-
	194.18	**185.59**
General Reserve		
Opening Balance	13.66	10.00
Less: Transferred to Fixed Assets	-	1.34
Add: Transferred from the Profit and Loss Account	7.00	5.00
	20.66	**13.66**
Profit & Loss Account	184.94	120.15
	184.94	**120.15**
	399.78	**319.40**

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 3 SECURED LOANS		
From Banks & Financial Institutions		
Secured by way of charge on rentals, mortgage / hypothecation of properties, movable & immovable properties	340.72	302.57
Secured by way of charge on hypothecation of inventories, advances and receivables of specified projects and fixed deposit receipts	169.52	70.98
Interest Accrued but not Due	0.23	0.19
(Loans for Rs 577 Crores (Previous Year Rs 364 Crores) are guaranteed by directors)		
	510.47	**373.74**

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 4 UNSECURED LOANS		
Loans From Companies	0.56	-
	0.56	**-**

Schedules forming part of Accounts

(Rs. in Crores)

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 5 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	1.56	6.17
Less : Deferred Tax Asset	0.18	-
	1.38	**6.17**

SCHEDULE 6 FIXED ASSETS

(Rs. in Crores)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31-Mar-09	Additions	Deductions / Transfers	As at 31-Mar-10	Up to 31-Mar-09	For the year	Deletions	Up to 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
INTANGIBLE ASSET										
Computer Software*	-	2.22	-	2.22	-	0.11	-	0.11	2.11	-
TANGIBLE ASSET										
LEASED ASSETS										
Digital Zone - I										
Land	5.23	-	-	5.23	-	-	-	-	5.23	5.23
Building	22.63	-	-	22.63	1.61	0.37	-	1.98	20.65	21.02
Plant & Machinery	5.25	-	-	5.25	1.07	0.25	-	1.32	3.93	4.18
Electrical Equipment & Fittings	10.99	-	-	10.99	2.26	0.52	-	2.78	8.21	8.73
Furniture & Fixtures	9.34	-	-	9.34	2.51	0.59	-	3.10	6.24	6.83
Thiruvanmiyur										
Land & Building	0.45	-	-	0.45	-	-	-	-	0.45	0.45
OTHER ASSETS										
Land	1.13	-	-	1.13	-	-	-	-	1.13	1.13
Building	-	0.31	-	0.31	-	0.31	-	0.31	-	-
Computers	2.61	1.78	-	4.39	1.10	0.45	-	1.55	2.84	1.51
Office Equipment	1.51	0.16	0.01	1.66	0.22	0.11	-	0.33	1.33	1.29
Furniture & Fittings	2.26	0.23	0.01	2.48	0.40	0.24	0.01	0.63	1.85	1.86
Motor Vehicles	2.25	0.81	0.44	2.62	0.43	0.23	0.11	0.55	2.07	1.82
Plant & Machinery	0.81	11.96	5.54	7.23	0.15	0.24	-	0.39	6.84	0.66
Electrical Equipment & Fittings	0.07	0.13	-	0.20	0.01	0.07	-	0.08	0.12	0.06
Dredger	64.74	-	64.74	-	4.52	1.71	6.23	-	-	60.22
Fibre Boat	0.05	-	0.05	-	-	-	-	-	-	0.05
Total	**129.32**	**17.60**	**70.79**	**76.13**	**14.28**	**5.20**	**6.35**	**13.13**	**63.00**	**115.04**
Previous Year	**117.32**	**12.15**	**0.15**	**129.32**	**7.89**	**6.44**	**0.05**	**14.28**	**115.04**	**109.43**
Capital Work in Progress	**4.25**	**2.07**	**4.35**	**1.97**	**-**	**-**	**-**	**-**	**1.97**	**4.25**
Previous Year	**2.08**	**2.25**	**0.08**	**4.25**	**-**	**-**	**-**	**-**	**4.25**	**2.08**

*Note: - Other than internally Generated

Particulars	As at 31-Mar-10	As at 31-Mar-09
Capital work-in-progress includes:		
a) Construction costs	0.39	2.75
b) Pre-operative Expenses	1.58	1.50
	1.97	**4.25**

Schedules forming part of Accounts

(Rs. in Crores)

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 7 INVESTMENTS		
Long Term Investments		
Investments in Shares (Non-Quoted, Non-Trade, Stated at Cost)		
(As per Annexure - A)		
In Subsidiaries	435.44	238.97
In Associates*	-	-
In Other Companies	1.59	1.59
	437.03	**240.56**
Investments in Properties (Non-Quoted, Stated at Cost)		
Building	0.84	0.84
	0.84	**0.84**
Short Term Investments		
Investments in Mutual Funds (Quoted)		
UTI Infrastructure Advantage Fund Series	0.10	0.10
[100,000 units (Previous year 100,000 units) of Face Value of Rs. 10/- each]		
Less : Provision for Decline in Investments	0.01	0.04
	0.09	**0.06**
	437.96	**241.46**

* Includes Rs. 39,000/- as at 31st March 2010 and 31st March 2009.

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Stock of Completed Projects	6.13	-
Land Stock	5.39	5.39
Projects in Progress	17.79	29.69
Stock of Materials at Site	17.67	6.96
	46.98	**42.04**
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for more than 6 months	79.23	1.53
Others	270.87	117.44
	350.10	**118.97**
Cash and Bank Balances		
Cash Balance	0.10	0.14
Balances with Scheduled Banks		
In Current Accounts	21.35	2.87
In Deposit Accounts	3.77	0.20
In Margin Money Accounts	25.86	24.68
	51.08	**27.89**

Schedules forming part of Accounts

(Rs. in Crores)

Particulars	As at 31-Mar-10	As at 31-Mar-09
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 Subsidiaries	276.84	234.29
Advances to Suppliers	38.32	33.98
Advances to Staff	0.56	0.51
Advances to Others	27.53	34.42
Share Application Money	110.05	83.69
Prepaid Taxes	-	9.44
Security Deposits	4.52	2.43
Dividend Receivable	0.01	-
	457.83	**398.76**
	905.99	**587.66**

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 9 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	107.37	68.79
Advances from Customers	12.47	7.72
Expenses Payable	41.01	15.65
Bills Payable	92.03	2.77
Statutory Dues	2.70	2.75
Unclaimed Dividend	0.13	0.09
Due to Directors	0.60	0.62
Mobilisation Deposit	190.72	114.24
	447.03	**212.63**
Lease Deposits / Rental Advances	4.18	4.18
	4.18	**4.18**
Provisions		
Income Tax	1.50	-
ESOP	-	0.69
Proposed Dividend	6.59	5.12
Tax on Proposed Dividend	1.12	0.87
	9.21	**6.68**
	460.42	**223.49**

Schedules forming part of Accounts

(Rs. in Crores)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
SCHEDULE 10 INCOME FROM OPERATIONS		
Income from Projects	734.70	452.15
Income from Leasing	10.69	10.84
	745.39	**462.99**
SCHEDULE 11 OTHER INCOME		
Profit on Sale of Investment	11.69	-
Dividend Received	0.01	-
Agricultural Income	-	0.04
Profit on Sale of Assets	2.98	-
Exchange Rate Difference	0.01	-
Miscellaneous Income	0.80	0.14
	15.49	**0.18**
SCHEDULE 12 COST OF PROJECTS/OPERATING EXPENSES		
COST OF PROJECTS		
Opening Stock		
Stock of Completed Projects	-	-
Land Stock	5.39	5.30
Projects in Progress	29.69	19.29
Stock of Materials at Site	6.96	2.29
	42.04	**26.88**
Expenditure During the year		
Cost of Projects	604.61	362.82
Closing Stock		
Stock of Completed Projects	6.13	-
Land Stock	5.39	5.39
Projects in Progress	17.79	29.69
Stock of Materials at Site	17.67	6.96
	46.98	**42.04**
Cost of Projects	**599.67**	**347.66**
Repairs & Maintenance-Leased Properties	1.06	1.39
	600.73	**349.05**
SCHEDULE 13 PERSONNEL EXPENSES		
Salaries & Allowances	4.99	8.13
Directors Remuneration	1.63	1.63
Directors Sitting Fees		
- Board Meeting	0.04	0.05
- Committee Meeting	0.12	0.08
Rent Staff	0.09	0.10
Contribution to Funds	0.60	0.68
Recruitment & Training Expenses	0.22	0.37
Staff Welfare Expenses	0.72	1.55
Retirement Benefits	0.40	0.13
Employee Compensation Expense	1.12	-
	9.93	**12.72**

Schedules forming part of Accounts

(Rs. in Crores)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
SCHEDULE 14 ADMINISTRATIVE EXPENSES		
Rent	2.20	1.59
Rates & Taxes	0.12	0.05
Communication Cost	0.68	0.65
Electricity Charges	0.30	0.38
Travelling and Conveyance	2.56	1.57
IT Services	0.60	0.62
Repairs & Maintenance	0.38	0.16
Secretarial Expenses	0.12	0.13
Advertisement & Business Promotion	2.34	4.28
Printing & Stationery	0.53	0.41
Postage and Courier Charges	0.09	0.03
Payment to Auditors		
- Statutory Audit Fee	0.06	0.04
- Other Services	0.01	0.01
Insurance Premium	0.51	0.76
Legal & Professional Charges	2.44	5.17
General Expenses	0.41	0.44
Exchange Rate Fluctuation	0.06	0.16
Office Maintenance	1.56	1.53
Donation	0.11	0.25
Vehicle Maintenance	0.27	0.11
Loss on Sale of Assets	0.13	0.06
	15.48	**18.40**
SCHEDULE 15 INTEREST & FINANCE CHARGES		
Interest on Loans	44.78	34.61
Less : Interest Income	33.30	24.79
Net Interest	11.48	9.82
Bank & Finance Charges	2.90	3.81
	14.38	**13.63**
SCHEDULE 16 DEFERRED TAX EXPENSE (INCOME)		
Deferred Tax Liability for the year	(4.78)	2.67
	(4.78)	**2.67**

Schedules forming part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

B. REVENUE RECOGNITION

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

C. FIXED ASSETS, DEPRECIATION & IMPAIRMENT

1. The Fixed Assets are stated at cost of acquisition including interest paid on specific borrowings up to the date of acquisition/ installation of the assets and improvement thereon less depreciation.
2. In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalised.
3. Depreciation is provided on fixed assets, on straight-line method, on pro-rata basis as per the rates specified in Schedule XIV of the Companies Act, 1956.
4. 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. Intangible assets comprising SAP software and other computer software are stated at cost of acquisition less accumulated amortisation. The SAP software cost is amortised over a period of five years on a pro-rata basis.
6. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset or recoverable amount of the cash generating divisions which the assets belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and recognized in the profit and loss account.

D. OPERATING LEASES

The Company is not obligated under non-cancelable leases for office and residential space that are renewable on a periodic basis

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

at the option of both the lessor and lessee. Lease expenses are charged to the profit and loss account on a straight line basis over the lease term.

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

E. VALUATION OF CLOSING STOCK

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

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

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

F. INVESTMENTS

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

G. EMPLOYEE BENEFITS

a. Short Term employee benefits

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

b. Post employee benefits

- **Provident Fund**

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

- **Gratuity**

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

- **Leave Encashment**

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

H. TAX ON INCOME

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

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

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.

Schedules forming part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when:

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

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

Contingent Assets are neither recognized nor disclosed.

L. EMPLOYEE STOCK COMPENSATION COST

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

M. EARNINGS PER SHARE

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

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

NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES

a. Estimated amount of liability on capital contracts as on 31st March 2010 is Rs 6.99 Crores (Previous year 0.02 Crore)

b. Corporate Guarantees given to Banks in respect of loans taken by other Companies : Rs 2017.10 Crores (Previous year Rs 980.30 Crores)

c. Corporate Guarantees given to Banks in respect of performance bank guarantees issued by them: Rs 60.65 Crores (Previous year Rs 11.32 Crores)

d. 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. 0.94 Crore (Previous year Rs. 0.95 Crore) to be performed on or before 17th February 2012, 27th February 2015 & 3rd January 2015 respectively, undertaken by the Company for import of capital goods.

e. Claims not acknowledged as debts by the Company: Rs. 0.04 Crore (Previous year Rs. 0.04 Crore)

f. Income Tax Demand

Tax on Income

Assessment Year	Details of Demand (Rs)				Forum Where Dispute is Pending
	Demand Raised By Dept.	Amount Paid under Protest			
		Till 31st March 2009	During 2009-10	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
2007 - 08	1,340,625	-	-	1,340,625	CIT

Schedules forming part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

TDS

Assessment Year	Details of Demand (Rs)				Forum Where Dispute is Pending
	Demand Raised By Dept.	Amount Paid under Protest			
		Till 31st March 2009	During 2009-10	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

Assessment Year	Details of Demand			Forum Where Dispute is Pending
	Demand Raised	Demand paid	Balance	
2004 - 05	150,972	-	150,972	Asst. Commissioner, Sales Tax
2005 - 06	469,014	-	469,014	Asst. Commissioner, Sales Tax
2006 - 07	1,123,972	-	1,123,972	Asst. Commissioner, Sales 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. (4.78) 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 2010 is Rs. 1.38 crores the details of which are as follows:

(Rs. in Crores)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Outstanding Deferred Tax Liability as at the beginning of the year	6.17	3.49
Timing difference on account of Depreciation	(0.31)	2.68
Timing difference on account of Employee Benefits	(0.19)	-
Reversal of Deferred Tax Liability for Dredger Depreciation	(4.29)	-
Outstanding Deferred Tax Liability (Net) as at the end of the year	1.38	6.17

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

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

5. In the opinion of the Management, Current Assets, Loans & Advances have a value on realization equal to the amount at which they are stated in the Balance Sheet and provision for all known liabilities has been made.

Schedules forming part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

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. Hence segment reporting is not applicable.

7. The remuneration paid to Directors is as follows:

(Rs. in Crores)

	2009-10	2008-09
Remuneration to Managing Director	0.96	0.96
Commission to Managing Director	0.60	0.60
Contribution to Provident Fund	0.07	0.07

8. 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 2010.

Particulars	Rs. in Crores
Profit Before Tax as per Profit & Loss Account	115.19
Add : Depreciation charged as per Profit & Loss account	5.17
Add : Managerial Remuneration debited to Profit & Loss Account	1.63
	121.99
Less : Depreciation as per Sec. 350 of the Companies Act, 1956	5.17
Profit on sale of investments	11.69
Write back of Provision for diminution of investments	0.03
Net Profit as per Sec 349 of the Companies Act, 1956	**105.10**
Maximum amount of Remuneration permissible to Whole Time Director (@ 5% of the Net Profit)	5.26

9. **RELATED PARTY DISCLOSURES**

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

   B. **Associates:**

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

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

      G R K Reddy-Chairman & Managing Director

   D. **Relative of Key Management Personnel**

      V P Rajini Reddy-Director and wife of the MD

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

      i) Avinash Constructions Private Limited
      ii) Noble Habitat Private Limited
      iii) Jeevan Habitat Private Limited
      iv) Akshya Infrastructure Private Limited
      v) Marg Foundation

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

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

Schedules forming part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

Particulars of transactions with the related parties in the ordinary course of the business: *(Rs. in Crores)*

Particulars	Subsidiaries	Associates	KMP and Relatives	Entities over which KMP and Relatives have control/ significant influence	Total
Revenue	585.83	-	-	-	585.83
Dividend received	0.01	-	-	-	0.01
Interest Received	28.80	-	-	-	28.80
Contract and Service Received	1.59	-	-	1.29	2.88
Contract Advances received(Net)	184.12	-	-	-	184.12
Remuneration & Commission, Sitting fee	-	-	1.71	-	1.71
Investments Made	238.97	-	-	-	238.97
Loans & Advances Made	288.77	0.14	-	0.69	289.60
Sale of assets	65.16	-	-	-	65.16
Guarantees Issued	1312.45	-	-	-	1312.45
Guarantees and Collaterals Received	130.46	-	-	121.00	251.46
Balances as on 31st March 2010					
Investments	435.44	-*	-	1.59	437.03
Share application money paid	110.05	-	-	-	110.05
Sundry Debtors	199.62	-	-	-	199.62
Sundry Creditors	4.96	-	-	0.07	5.03
Loans & Advances	276.84	1.10	-	-	277.94
Remuneration & Commission	-	-	0.60	-	0.60
Contract Advances received(net)	171.84	-	-	-	171.84
Guarantees Issued	2005.90	-	-	11.20	2017.10
Guarantees and Collaterals Received	283.75	-	-	126.00	409.75

* includes Rs 39,000/- in associate

10. EMPLOYEE BENEFITS

A. GRATUITY

The Company does not maintain any fund to pay for Gratuity

i) Amount recognized in the Profit and Loss A/c is as under: *(Rs. in Crores)*

Description	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Current service cost	0.27	0.12
Interest Cost	0.02	0.01
Expected return on plan assets	0.00	0.00
Net actuarial (gain)/loss recognised in the year	0.04	(0.09)
Transitional Liability recognised in the year	0.00	0.00
Past service cost - non-vested benefits	0.00	0.00
Past service cost - vested benefits	0.00	0.00
Expenses recognized in the statement of profit and loss	**0.33**	**0.04**

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

ii) Movement in the liability recognized in the Balance Sheet during the year. *(Rs. in Crores)*

Description	As at 31-Mar-10	As at 31-Mar-09
Opening net liability	0.24	0.20
Expense as above	0.33	0.04
Contribution paid	0.00	0.00
Closing net liability	**0.57**	**0.24**

iii) Net Assets /Liability in Balance Sheet as at the year end. *(Rs. in Crores)*

Description	As at 31-Mar-10	As at 31-Mar-09
Present value of the obligation	0.57	0.24
Fair value of plan assets	-	-
Difference	0.57	0.24
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	**0.57**	**0.24**

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

PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Discount Rate	8%	8%
Salary escalation rate	8%	8%
Attrition rate	4%	4%
Expected rate of return on Plan Assets	0%	0%

B. LEAVE ENCASHMENT

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

i) Amount recognized in the Profit and Loss A/c is as under: *(Rs. in Crores)*

Description	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Current service cost	0.14	0.06
Interest Cost	0.01	0.01
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	0.14	(0.04)
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	**0.29**	**0.03**

ii) Movement in the liability recognized in Balance Sheet is as under: *(Rs. in Crores)*

Description	As at 31-Mar-10	As at 31-Mar-09
Opening net liability	0.17	0.14
Expense as above	0.29	0.03
Contribution paid	(0.02)	-
Closing net liability	**0.44**	**0.17**

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

iii) Net Assets/Liability in Balance Sheet as at the year end. *(Rs. in Crores)*

Description	As at 31-Mar-10	As at 31-Mar-09
Present value of the obligation	0.44	0.17
Fair value of plan assets	-	-
Difference	0.44	0.17
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	**0.44**	**0.17**

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

PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Discount Rate	8%	8%
Salary escalation rate	8%	8%
Attrition rate	4%	4%
Expected rate of return on Plan Assets	0%	0%

11. CASH & CASH EQUIVALENTS

Cash & Cash Equivalents include the following which are not available for ready use by the Company as at the Balance Sheet date: *(Rs. in Crores)*

Description	As at 31-Mar-10	As at 31-Mar-09
Margin money	25.86	24.68
Fixed Deposit with Bank	3.77	0.20
Unclaimed Dividend with bank	0.13	0.09

12. NON CASH TRANSACTIONS

During the year, the Company sold the Dredger asset for Rs 61.45 crores to its wholly owned Foreign Subsidiary, Marg International Dredging Pte Ltd. In exchange, the subsidiary issued 69,99,200 shares of SGD 1 each.

13. PREFERENTIAL ISSUES OF EQUITY SHARES AND WARRANTS

a) The Company has taken up many projects and to part finance the capital for the second phase of Karaikal Port, the Company has raised money through preferential allotment of Warrants to the promoters, Key Management Personnel ,employees and others during the year at an issue price calculated as per SEBI (Disclosure and Investor Protection) Guidelines, 2000 on preferential basis duly approved by Shareholders and Board of Directors of the Company.

b) During the year the Company issued 67,91,619 Preferential warrants convertible into equity shares at the option of the holder. Out of the above, the Company upon conversion allotted 15,62,100 equity shares of Rs. 10/- each at a premium of Rs. 51/- per share, which includes 14,50,000 shares allotted to promoters.

c) Out of the total Preferential Warrants proceeds of Rs.17.82 crores, Rs. 17.47 crores has been utilized during the year.

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

14. EMPLOYEES STOCK OPTION SCHEME(ESOP)

a) During the year ended March 31, 2010, the Company had granted further options to all the eligible employees of the Company under the MARG Constructions Limited Employees Stock Option Plan 2006 (the "Scheme"). Under the Scheme, 500,000 equity shares have been earmarked to be granted and the same will vest as follows:

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

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

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

Grant No.	Date of Grant	No. of Options Granted	Grant Price	Outstanding Options As on 31st March 2010
I	15.10.2007	1,97,006	100	34,265
II	23.10.2007	2,100	100	2,100
III	08.11.2007	3,475	120	2,700
IV	12.11.2007	3,000	130	NIL
V	17.11.2007	4,500	160	NIL
VI	08.12.2007	6,370	200	NIL
VII	19.02.2008	19,890	200	3,390
VIII	03.10.2009	2,50,844	75	2,36,471

c) During the year 37,888 equity shares were allotted to such employees who exercised the option.

15. Operating Leases

Total rental expense under cancelable operating lease was Rs 0.42 crore and Rs 1.98 crores for the quarter and year ended 31 March 2010 respectively. (Previous year Rs 0.42 crore and Rs 1.58 crores)

16. Auditors' Remuneration

(Rs. in Crores)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Statutory Audit Fees	0.06	0.04
Other Services	0.01	0.01
Total	**0.07**	**0.05**

17.

(Rs. in Crores)

Particulars	2009-10	2008-09
a. Value of Imports calculated on CIF Basis :		
Components, embedded goods and spare-parts	1.40	5.52
b. Expenditure in foreign currencies:		
i. Travelling expenses	0.15	0.18
ii. Technical / Professional & Conference Expenses	0.13	0.49
iii. Charter hire charges	6.80	-

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

18. EARNINGS PER SHARE (EPS)

Particulars	2009-10	2008-09
a. Profit After Tax (Rs Crores)		
For Basic EPS	79.50	40.90
For Diluted EPS	79.50	40.90
b. Weighted average number of equity shares (Nos lacs)	264.11	256.08
For Basic EPS		
Adjustment for Diluted EPS		
Add: Weighted average number of potential shares on account of Employee Stock Options	1.04	0.50
Add: Weighted average number of potential shares on account of Preferential allotment of warrants	32.76	–
For Diluted EPS	297.91	256.58
c. Earning Per Share (Rs)		
Basic	30.10	15.97
Diluted	26.68	15.94
d. Nominal Value Per Share (Rs)	10.00	10.00

19. 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.

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

21. 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.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

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

S. Sivaraman
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-10 No of Shares(Lacs)	As At 31-Mar-09 No of Shares(Lacs)	As At 31-Mar-10 (Rs in Crores)	As At 31-Mar-09 (Rs in Crores)	Amount Outstanding As at 31-Mar-10 (Rs in Crores)	Maximum Amount Outstanding during the year (Rs in Crores)
Name of the Subsidiary Company							
Aaram Constructions Private Limited	10	0.10	0.10	0.01	0.01	3.10	3.10
Abhinaya Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	5.34	5.34
Ajani Constructions Private Limited	10	0.10	0.10	0.01	0.01	10.45	10.45
Akarsh Constructions Private Limited	10	0.10	0.10	0.01	0.01	6.88	6.88
Akhil Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	1.45	1.45
Ambar Nivas Private Limited	10	0.10	-	0.01	-	0.44	0.50
Amir Constructions Private Limited	10	0.10	0.10	0.01	0.01	0.93	1.77
Anumanthai Beachside Resorts Private Limited	10	0.10	0.10	0.01	0.01	0.00	0.00
Anuttam Constructions Private Limited	10	0.10	0.10	0.01	0.01	2.71	29.90
Aparajitha Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	1.00	1.00
Aprati Constructions Private Limited	10	0.10	0.10	0.01	0.01	3.16	15.28
Arogya Constructions Private Limited	10	0.10	0.10	0.01	0.01	14.29	14.29
Arohi Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	2.84	10.05
Aroopa Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	3.14	4.70
Atul Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	1.83	2.63
Avatar Constructions Private Limited	10	0.10	0.10	0.01	0.01	7.37	7.37
Bay Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	17.47	17.47
Bharani Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	0.26	5.39
Bhushan Tradelinks Private Limited	10	0.10	0.10	0.01	0.01	0.86	0.90
Darpan Houses Private Limited	10	0.10	0.10	0.01	0.01	0.40	1.06
Dasha Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	3.45	4.99
Future Parking Private Limited	10	0.05	-	0.01	-	0.19	0.19
Giri Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	2.61	8.63
Goldenview Nivas Private Limited	10	0.10	0.10	0.01	0.01	0.33	0.33
Highrise Housing Projects Private Limited	10	0.10	0.10	0.01	0.01	0.76	0.76
Hilary Constructions Private Limited	10	0.10	0.10	0.01	0.01	1.65	2.57

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-10 No of Shares(Lacs)	As At 31-Mar-09 No of Shares(Lacs)	As At 31-Mar-10 (Rs in Crores)	As At 31-Mar-09 (Rs in Crores)	Amount Outstanding As at 31-Mar-10 (Rs in Crores)	Maximum Amount Outstanding during the year (Rs in Crores)
Indraprastha Homes Private Limited	10	0.10	0.10	0.01	0.01	1.53	1.53
Jai Ganesh Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	2.82	2.82
Kanchanajunga Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	1.18	1.21
Karaikal Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	0.01	0.11
Karaikal Port Private Limited	10	2,989.20	1,142.50	298.92	114.25	25.86	26.03
Karaikal Power Company Private Limited	10	0.10	0.10	0.01	0.01	0.86	0.86
Kirtidhara Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	1.35	9.19
Kripa Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	10.08	10.29
Magnumopus Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	10.12	10.12
Marg Aviations Private Limited	10	0.10	-	0.01	-	0.00	0.00
Marg Business Park Private Limited	10	0.10	0.10	0.01	0.01	2.53	2.55
Marg Communications Private Limited	10	0.10	0.10	0.01	0.01	0.00	0.00
Marg Constructions (Chennai) Private Limited	10	0.10	0.10	0.01	0.01	0.00	0.00
Marg Industrial Clusters Limited	10	0.50	-	0.05	-	0.00	0.00
Marg Infrastructure Developers Limited	10	0.50	-	0.05	-	0.00	0.00
Marg Marine Infrastructure Limited	10	0.50	-	0.05	-	0.00	0.00
Marg International Dredging PTE Limited	SIG $ 1	70.00	-	23.11	-	0.03	0.03
Marg Logistics Private Limited	10	0.10	0.10	0.01	0.01	0.07	1.40
Marg Port Management Services Private Limited	10	0.10	0.10	0.01	0.01	0.00	0.00
Marg Power Projects Private Limited	10	0.10	0.10	0.01	0.01	0.01	0.01
Marg Properties Private Limited	10	0.10	-	0.01	-	1.64	1.64
Marg Renewable Power Projects Private Limited	10	0.10	0.10	0.01	0.01	0.01	0.01
Marg Swarnabhoomi Logistics Private Limited	10	0.10	0.10	0.01	0.01	0.00	0.00
Marg Swarnabhoomi Port Private Limited	10	0.11	0.11	0.01	0.01	0.15	0.15
Marg Swarnabhoomi Power Private Limited	10	0.10	0.10	0.01	0.01	0.01	0.05

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-10 No of Shares(Lacs)	As At 31-Mar-09 No of Shares(Lacs)	As At 31-Mar-10 (Rs in Crores)	As At 31-Mar-09 (Rs in Crores)	Amount Outstanding As at 31-Mar-10 (Rs in Crores)	Maximum Amount Outstanding during the year (Rs in Crores)
Marg Trading PTE Limited	SIG $ 1	0.01	-	0.003	-	0.04	0.04
Marigold Villas Private Limited	10	0.10	0.10	0.01	0.01	4.16	4.16
Mayur Habitat Private Limited	10	0.10	0.10	0.01	0.01	0.73	0.73
Mukta Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	9.85	10.35
Navita Estates Private Limited	10	0.10	0.10	0.01	0.01	1.44	1.44
Navrang Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	1.35	1.35
New Chennai Township Private Limited	10	510.00	510.00	51.00	51.00	21.55	23.97
New Era Land Developers Private Limited	10	0.10	0.10	0.01	0.01	6.15	6.15
O M R Developers Private Limited	10	0.10	0.10	0.01	0.01	4.15	5.66
Parivar Apartments Private Limited	10	0.10	0.10	0.01	0.01	0.64	0.64
Pathang Constructions Private Limited	10	0.10	0.10	0.01	0.01	8.36	8.36
Prospective Constructions Private Limited	10	0.10	0.10	0.01	0.01	3.68	3.68
Rainbow Habitat Private Limited	10	0.10	0.10	0.01	0.01	1.18	1.18
Riverside Infrastructure (India) Private Limited	10	615.00	730.00	61.50	73.00	2.89	6.48
Rupak Constructions Private Limited	10	0.10	0.10	0.01	0.01	1.71	1.71
Sanjog Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	6.97	6.97
Saptarishi Projects Private Limited	10	0.10	0.10	0.01	0.01	0.06	0.06
Saral Homes Private Limited	10	0.10	0.10	0.01	0.01	2.09	2.09
Sarang Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	15.03	15.18
Sathsang Constructions Private Limited	10	0.10	0.10	0.01	0.01	2.62	2.62
Shubham Vihar Private Limited	10	0.10	0.10	0.01	0.01	0.63	2.39
Siddhi Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	4.69	4.69
Signa Infrastructure India Limited	10	0.37	0.37	0.04	0.04	-	-
Singar Constructions Private Limited	10	0.10	0.10	0.01	0.01	4.20	4.20
Swarnabhoomi Port Private Limited	10	0.10	0.10	0.01	0.01	0.00	0.01
Swatantra Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	0.02	3.92

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-10 No of Shares(Lacs)	As At 31-Mar-09 No of Shares(Lacs)	As At 31-Mar-10 (Rs in Crores)	As At 31-Mar-09 (Rs in Crores)	Amount Outstanding As at 31-Mar-10 (Rs in Crores)	Maximum Amount Outstanding during the year (Rs in Crores)
Veda Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	5.93	5.93
Viswadhara Constructions Private Limited	10	0.10	0.10	0.01	0.01	6.33	6.33
Wisdom Constructions Private Limited	10	0.10	0.10	0.01	0.01	7.54	16.27
Yuva Constructions Private Limited	10	0.10	0.10	0.01	0.01	1.63	1.63
Total				**435.44**	**238.97**	**276.84**	**373.25**
Name of the Associate Company							
Rajakamangalam Thurai Fishing Harbour Private Limited*	10	0.04	0.04	0.00	0.00	1.10	1.10
Total				**0.00**	**0.00**	**1.10**	**1.10**
Name of the Other Companies							
Marg Digital Infrastructure Private Limited	10	5.95	5.95	0.60	0.60	-	-
Marg Realities Limited	10	9.95	9.95	1.00	1.00	-	-
Total				**1.59**	**1.59**	-	-

*Investments includes Rs 39,000/- as at 31-Mar-10 & 31-Mar-09

As per our Report of even date attached
For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

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

S. Sivaraman
Company Secretary

Auditors' Report on Cash Flow Statement

We have examined the Cash Flow Statement of MARG LIMITED for the year ended 31st March 2010. 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.,**
Regn No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

Cash Flow Statement

(Rs. in Crores)

Sr. No.	Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
A	CASH FLOWS FROM OPERATING ACTIVITIES		
	Net Profit before Taxation and Extraordinary Items	115.19	62.93
	Adjustment for:		
	Depreciation	5.20	6.44
	Net Unrealised (Gain) / Loss on Exchange Rate Fluctuations	0.05	-
	Net Unrealised Loss / (Profit) Decline in Investments	(0.03)	0.03
	Dividend Income*	(0.01)	-
	Profit on sale of Investment	(11.69)	-
	Profit on sale of Assets	(2.94)	-
	Loss on sale of Fixed Assets	0.13	0.03
	Charges for Employee Stock option	1.12	0.32
	Prior Period Items (Net)	(0.47)	-
	Interest and Finance Charges (Net)	14.38	13.63
	Operating Profit before Working Capital Changes	**120.93**	**83.38**
	Decrease / (Increase) in Sundry Debtors	(176.94)	(26.47)
	Decrease / (Increase) in Inventories	(4.95)	(15.16)
	Decrease / (Increase) in Loans & Advances	(14.77)	(30.16)
	Increase / (Decrease) in Current Liabilities	235.32	53.54
	Cash Generated from Operations	**159.59**	**65.13**
	Fringe Benefit tax	-	(0.14)
	Income Tax	(44.17)	(26.04)
	Cash Flow before Extraordinary Items	**115.42**	**38.95**
	Adjustment for Extraordinary Items	-	-
	NET CASH FROM OPERATING ACTIVITIES (A)	**115.42**	**38.95**
B	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(15.32)	(5.33)
	Purchase of Investments in Subsidiaries	(215.71)	(95.76)
	Advance for Share Application Money in Subsidiaries	(26.37)	(78.89)
	Dividend Received**	0.01	-
	Sale of Investments in Subsidiaries	0.01	7.11
	Proceeds from Sale of Fixed Assets (Net)	0.26	0.07
	NET CASH FROM INVESTING ACTIVITIES (B)	**(257.12)**	**(172.80)**
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds from Issuance of Share Capital	1.60	-
	Proceeds from Share Premium	8.61	-
	Proceeds from Share Application Money	8.30	-
	Proceeds from Long Term Borrowings (Net)	79.73	155.80
	Proceeds from Short Term Borrowings (Net)	99.10	25.87
	Interest and Finance Charges Paid (Net)	(26.50)	(25.47)
	Dividend & Dividend Tax Paid	(5.95)	(5.95)
	NET CASH USED IN FINANCING ACTIVITIES (C)	**164.89**	**150.25**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**23.19**	**16.40**
	Cash and Cash Equivalents at beginning of Period	**27.89**	**11.49**
	Cash and Cash Equivalents at end of Period	**51.08**	**27.89**

Notes:

1 Cash Flow statement is prepared under the Indirect Method in accordance with Accounting Standard AS-3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2 Depreciation includes amount transferred to 'Cost of Projects'.
3 For cash and cash equivalents not available for immediate use as on the Balance Sheet date, refer Note No 11 of Notes forming part of Accounts.
4 For non cash transactions refer Note No 12 of Notes forming part of Accounts.
5 Previous year's figures have been regrouped/reclassified wherever necessary.
* Includes Rs. (41,042)/- for the FY 2008-09. ** Includes Rs. 41,042/- for the FY 2008-09.

As per our Report of even date attached
For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

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

S. Sivaraman
Company Secretary

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

(Rs. in lacs)

Sl No	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit (Loss) before Taxation	Provision for Taxation	Profit (Loss) After Taxation	Proposed/ Interim Dividend
1	Aaram Constructions Private Limited	1.00	0.34	310.86	309.52	-	-	(0.50)	-	(0.50)	-
2	Abhinaya Infradevelopers Private Limited	1.00	(1.01)	536.24	536.25	-	-	(0.97)	-	(0.97)	-
3	Ajani Constructions Private Limited	1.00	(1.58)	1,054.43	1,055.01	-	-	(1.47)	-	(1.47)	-
4	Akarsh Constructions Private Limited	1.00	(0.60)	715.16	702.25	-	-	(0.78)	-	(0.78)	-
5	Akhil Infrastructure Private Limited	1.00	(0.83)	145.61	145.44	-	-	(0.26)	-	(0.26)	-
6	Ambar Nivas Private Limited	1.00	(0.78)	49.00	48.77	-	-	(0.54)	-	(0.54)	-
7	Amir Constructions Private Limited	1.00	245.22	339.30	93.07	-	-	(0.48)	-	(0.48)	-
8	Anumanthai Beachside Resorts Private Limited	1.00	(0.58)	0.53	0.11	-	-	(0.20)	-	(0.20)	-
9	Anuttam Constructions Private Limited	1.00	291.81	563.53	270.72	-	-	(0.79)	-	(0.79)	-
10	Aparajitha Infrastructure Private Limited	1.00	(0.11)	100.48	99.59	-	0.25	(0.21)	-	(0.21)	-
11	Aprati Constructions Private Limited	1.00	28.62	345.45	315.83	-	-	(1.26)	-	(1.26)	-
12	Arogya Constructions Private Limited	1.00	2.82	1,435.41	1,437.22	-	-	(1.85)	-	(1.85)	-
13	Arohi Infrastructure Private Limited	1.00	26.07	311.34	284.28	-	-	(0.74)	-	(0.74)	-
14	Aroopa Infradevelopers Private Limited	1.00	22.31	336.96	313.66	-	0.07	(0.83)	-	(0.83)	-
15	Atul Infrastructure Private Limited	1.00	169.81	356.09	185.28	-	-	(2.69)	-	(2.69)	-
16	Avatar Constructions Private Limited	1.00	0.02	778.44	777.42	-	-	(1.42)	-	(1.42)	-
17	Bay Infradevelopers Private Limited	1.00	13.32	1,761.56	1,747.23	-	0.74	0.03	-	0.03	-
18	Bharani Infrastructure Private Limited	1.00	0.69	27.82	26.13	-	1.67	1.27	-	1.27	-
19	Bhushan Tradelinks Private Limited	1.00	(0.80)	86.20	86.00	-	-	(0.13)	-	(0.13)	-
20	Darpan Houses Private Limited	1.00	183.67	224.84	40.17	-	-	(0.34)	-	(0.34)	-
21	Dasha Infradevelopers Private Limited	1.00	251.39	623.89	371.49	-	-	(1.21)	-	(1.21)	-
22	Future Parking Private Limited	0.51	(0.21)	20.02	19.23	-	-	(0.21)	-	(0.21)	-
23	Giri Infradevelopers Private Limited	1.00	7.17	254.40	260.57	-	0.62	(7.09)	-	(7.09)	-
24	Goldenview Nivas Private Limited	1.00	(0.17)	33.70	32.87	-	0.32	(0.02)	-	(0.02)	-
25	Highrise Housing Projects Private Limited	1.00	0.16	77.42	76.27	-	0.62	0.15	-	0.15	-
26	Hilary Constructions Private Limited	1.00	152.85	319.33	165.48	-	-	0.33	-	0.33	-
27	Indraprastha Homes Private Limited	1.00	0.17	157.23	156.06	-	0.46	0.06	-	0.06	-
28	Jai Ganesh Infradevelopers Private Limited	1.00	(0.61)	287.20	286.81	-	-	(0.43)	-	(0.43)	-
29	Kanchanajunga Infradevelopers Private Limited	1.00	1.31	124.20	124.51	-	-	(0.72)	-	(0.72)	-
30	Karaikal Infradevelopers Private Limited	1.00	(0.45)	1.82	1.27	-	-	(0.15)	-	(0.15)	-
31	Karaikal Port Private Limited	29,892.00	(909.32)	116,787.28	81,186.63	-	4,862.35	(1,186.25)	(382.03)	(804.22)	-
32	Karaikal Power Company Private Limited	1.00	(0.30)	87.19	86.49	-	-	(0.16)	-	(0.16)	-
33	Kirtidhara Infrastructure Private Limited	1.00	365.19	501.33	135.15	-	-	(1.28)	-	(1.28)	-
34	Kripa Infrastructure Private Limited	1.00	(1.25)	1,302.37	1,302.62	-	-	(1.44)	-	(1.44)	-
35	Magnumopus Infrastructure Private Limited	1.00	5.46	1,018.80	1,012.34	-	17.49	2.80	0.64	2.16	-
36	Marg Aviations Private Limited	1.00	(0.28)	1.16	0.44	-	-	(0.28)	-	(0.28)	-
37	Marg Business Park Private Limited	1.00	8.31	747.30	737.95	-	7.76	6.98	1.01	5.97	-
38	Marg Communications Private Limited	1.00	(0.34)	0.66	0.00	-	-	(0.16)	-	(0.16)	-
39	Marg Constructions (Chennai) Private Limited	1.00	(0.27)	1.17	0.44	-	-	(0.08)	-	(0.08)	-
40	Marg Industrial Clusters Limited	5.00	(0.38)	4.93	-	-	-	(0.38)	-	(0.38)	-
41	Marg Infrastructure Developers Limited	5.00	(0.38)	4.93	-	-	-	(0.38)	-	(0.38)	-

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

(Rs. in lacs)

Sl No	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit (Loss) before Taxation	Provision for Taxation	Profit (Loss) After Taxation	Proposed/ Interim Dividend
42	Marg Marine Infrastructure Limited	5.00	(0.38)	4.93	-	-	-	(0.38)	-	(0.38)	-
43	Marg International Dredging PTE Limited	2,311.46	378.83	6,892.72	3,266.79	-	650.02	458.26	79.43	378.83	84.30
44	Marg Logistics Private Limited	1.00	(12.61)	1,452.32	949.16	-	1,201.73	73.19	85.60	(12.41)	-
45	Marg Port Management Services Private Limited	1.00	(0.46)	0.92	0.38	-	-	(0.16)	-	(0.16)	-
46	Marg Power projects Private Limited	1.00	(0.73)	1.10	0.82	-	-	(0.26)	-	(0.26)	-
47	Marg Properties Private Limited	1.00	(131.25)	34.14	164.39	-	260.24	(131.25)	-	(131.25)	-
48	Marg Renewable Power Projects Private Limited	1.00	(0.58)	1.08	0.66	-	-	(0.20)	-	(0.20)	-
49	Marg Swarnabhoomi Logistics Private Limited	1.00	(0.32)	0.68	0.00	-	-	(0.13)	-	(0.13)	-
50	Marg Swarnabhoomi Port Private Limited	1.13	0.26	17.00	15.49	-	-	(0.18)	-	(0.18)	-
51	Marg Swarnabhoomi Power Private Limited	1.00	0.39	1.16	0.55	-	-	(0.20)	-	(0.20)	-
52	Marg Trading PTE Limited	0.33	(5.31)	(1.38)	3.60	-	0.29	(5.31)	-	(5.31)	-
53	Marigold Villas Private Limited	1.00	(0.08)	416.94	416.03	-	0.78	0.18	-	0.18	-
54	Mayur Habitat Private Limited	1.00	0.09	74.04	72.95	-	0.54	0.12	-	0.12	-
55	Mukta Infrastructure Private Limited	1.00	(1.74)	984.39	985.12	-	-	(1.84)	-	(1.84)	-
56	Navita Estates Private Limited	1.00	(0.62)	144.56	144.18	-	-	(0.28)	-	(0.28)	-
57	Navrang Infrastructure Private Limited	1.00	(0.33)	135.39	134.72	-	-	(0.40)	-	(0.40)	-
58	New Chennai Township Private Limited	5,100.00	6,711.61	54,063.15	32,457.54	-	14,990.77	4,489.42	-	4,489.42	-
59	New Era Land Developers Private Limited	1.00	(1.48)	855.21	855.68	-	-	(1.57)	-	(1.57)	-
60	O M R Developers Private Limited	1.00	20.66	605.58	417.92	-	-	(2.51)	-	(2.51)	-
61	Parivar Apartments Private Limited	1.00	(0.60)	64.36	63.96	-	-	(0.25)	-	(0.25)	-
62	Pathang Constructions Private Limited	1.00	1.37	851.66	852.04	-	-	(1.47)	-	(1.47)	-
63	Prospective Constructions Private Limited	1.00	(0.50)	383.46	382.96	-	-	(0.57)	-	(0.57)	-
64	Rainbow Habitat Private Limited	1.00	(0.45)	118.84	118.28	-	-	(0.15)	-	(0.15)	-
65	Riverside Infrastructure (India) Private Limited	6,150.00	(44.67)	16,724.18	6,362.85	-	-	(4.01)	-	(4.01)	-
66	Rupak Constructions Private Limited	1.00	0.46	172.02	171.48	-	-	(0.37)	-	(0.37)	-
67	Sanjog Infrastructure Private Limited	1.00	6.24	704.43	697.19	-	-	(0.50)	-	(0.50)	-
68	Saptarishi Projects Private Limited	1.00	(0.54)	6.81	6.34	-	-	(0.22)	-	(0.22)	-
69	Saral Homes Private Limited	1.00	0.23	354.25	353.02	-	0.37	0.04	-	0.04	-
70	Sarang Infradevelopers Private Limited	1.00	7.92	1,506.73	1,502.95	-	141.10	17.18	8.98	8.19	-
71	Sathsang Constructions Private Limited	1.00	0.49	267.19	266.69	-	-	(0.43)	-	(0.43)	-
72	Shubham Vihar Private Limited	1.00	646.87	710.39	62.52	-	-	(0.51)	-	(0.51)	-
73	Siddhi Infradevelopers Private Limited	1.00	(1.52)	468.79	469.31	-	0.13	(0.56)	-	(0.56)	-
74	Signa Infrastructure India Limited	3.70	15.75	20.78	0.03	-	59.27	11.10	3.56	7.49	1.00
75	Singar Constructions Private Limited	1.00	(0.35)	420.92	420.26	-	-	(0.39)	-	(0.39)	-
76	Swarnabhoomi Port Private Limited	1.00	(0.58)	0.43	0.02	-	-	(0.15)	-	(0.15)	-
77	Swarnabhoomi Academy of Music Private Limited	1.00	(0.08)	53.08	52.16	-	0.15	(0.08)	-	(0.08)	-
78	Swatantra Infrastructure Private Limited	1.00	915.33	928.33	2.00	-	2.62	2.05	0.75	1.30	-
79	Veda infradevelopers Private Limited	1.00	(2.90)	671.32	593.22	-	-	(1.15)	-	(1.15)	-
80	Viswadhara Constructions Private Limited	1.00	(0.36)	643.35	642.71	-	0.39	(0.39)	-	(0.39)	-
81	Wisdom Constructions Private Limited	1.00	27.67	782.57	753.90	-	172.47	28.12	-	28.12	-
82	Yuva Constructions Private Limited	1.00	27.65	191.86	163.21	-	32.74	32.35	5.00	27.35	-

Report of the Auditors

To
The Board of Directors of
Marg Limited

We have audited the attached Consolidated Balance Sheet of MARG LIMITED and its subsidiaries (the Group) as at 31st March, 2010, 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 2010 of 82 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 22 subsidiaries whose financial statements reflects total assets of Rs 1286.89 Crores as at 31st March 2010, the total income of Rs 55.74 Crores for the year ended on that date and the Net Cash Flows amounting to Rs 69.79 crores, for the year ended 31st March 2010. 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.

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

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

Based on our audit of the financial statements and the other financial information, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the Consolidated Balance Sheet, of the State of Affairs of MARG LIMITED Group as at 31st March 2010;

ii. in the case of Consolidated Profit and Loss Account, of the Profit for the year ended 31st March 2010; and

iii. in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended 31st March 2010.

For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership no: 27476

Place: Chennai
Date : 11th August 2010

Annexure A

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

Consolidated Balance Sheet

(Rs. in Crores)

Particulars	Schedule	As at 31-Mar-10	As at 31-Mar-09
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	27.21	25.61
Employee Stock Option	1A	0.80	-
Share / Warrant Application Money		78.30	-
Reserves & Surplus	2	210.28	198.82
MINORITY INTEREST		42.55	0.04
LOAN FUNDS			
Secured Loans	3	1,715.24	1,023.92
Unsecured Loans	4	9.58	4.00
DEFERRED TAX LIABILITY (Net)	5	-	6.17
		2,083.96	**1,258.56**
APPLICATION OF FUNDS			
GOODWILL (on Consolidation)*		-	-
FIXED ASSETS	6		
Gross Block		627.23	264.28
Less : Depreciation		26.53	14.66
Net Block		**600.70**	**249.62**
Capital Work In Progress		734.55	556.43
		1,335.25	**806.05**
INVESTMENTS	7	2.58	2.55
DEFERRED TAX ASSET (Net)	5	2.54	-
CURRENT ASSETS, LOANS & ADVANCES	8		
Inventories		329.99	221.03
Sundry Debtors		419.08	140.27
Cash & Bank Balances		141.46	53.04
Loans & Advances		214.80	208.10
		1,105.33	**622.44**
LESS : CURRENT LIABILITIES & PROVISIONS	9		
Current Liabilities		348.28	161.61
Lease Deposits/ Rental Advances		4.90	4.18
Provisions		8.56	6.69
		361.74	**172.48**
NET CURRENT ASSETS		**743.59**	**449.96**
		2,083.96	**1,258.56**
NOTES ON ACCOUNTS	17		

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

As per our Report of even date attached
For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

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

S. Sivaraman
Company Secretary

Consolidated Profit and Loss Account

(Rs. in Crores)

Particulars	Schedule	Year Ended 31-Mar-10	Year Ended 31-Mar-09
INCOME			
Income from Operations	10	364.44	70.09
Other Income	11	24.21	36.15
		388.65	**106.24**
EXPENDITURE			
Cost of Projects/Other Operating Expenses	12	233.95	16.33
Personnel Expenses	13	16.85	15.08
Administrative Expenses	14	30.93	26.51
		281.73	**57.92**
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		**106.92**	**48.32**
Depreciation	6	18.03	6.70
PROFIT BEFORE INTEREST & TAX		**88.89**	**41.62**
Interest & Finance Charges	15	44.50	13.77
PROFIT BEFORE TAX		**44.39**	**27.85**
TAX EXPENSE			
Current Tax		41.20	19.18
Taxes - Prior Period		-	0.19
Deferred Tax	16	(8.71)	2.67
Fringe Benefit Tax		-	0.30
PROFIT AFTER TAX BEFORE PRIOR PERIOD ITEMS		**11.90**	**5.51**
Prior Period Items (Net)		0.47	-
PROFIT AFTER TAX		**11.43**	**5.51**
Balance brought forward from Previous Year		(3.93)	1.58
Minority Interest*		-	(0.01)
Share of Profit/(Loss) in Associates**		-	-
AMOUNT AVAILABLE FOR APPROPRIATION		**7.50**	**7.08**
APPROPRIATIONS			
Proposed Dividend		7.43	5.13
Dividend Tax		1.13	0.87
General Reserve		7.01	5.01
Balance carried to Balance Sheet		(8.07)	(3.93)
		7.50	**7.08**
EARNINGS PER SHARE			
Basic (Face Value Rs. 10/-)		4.33	2.15
Diluted (Face Value Rs. 10/-)		3.84	2.15
NOTES ON ACCOUNTS	17		

*Includes Rs 3,148/- for the FY 2009-10. **Includes Rs (18,445)/- for the FY 2009-10.

As per our Report of even date attached
For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

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

S. Sivaraman
Company Secretary

Schedules forming part of Consolidated Accounts

(Rs. in Crores)

Particulars	As at 31-Mar-10	As at 31-Mar-09
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		
27,208,369 Equity Shares of Rs.10 each	27.21	25.61
(Previous year 25,608,381 Equity Shares of Rs.10 each)		

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 1A EMPLOYEE STOCK OPTION		
Employee Stock Option Outstanding	2.15	-
Less: Deferred Employee Compensation Expense	1.35	-
	0.80	**-**

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 2 RESERVES & SURPLUS		
Securities Premium Account		
Opening Balance	185.59	185.59
Add: Addition during the year	8.61	-
Less: Warrant issue expenses written-off	0.02	-
	194.18	**185.59**
Capital Reserve*	-	-
	-	**-**
General Reserve		
Opening Balance	17.16	13.50
Less: Transferred to Fixed Assets / Minority Interest	-	1.34
Add: Transferred from the Profit and Loss Account	7.01	5.00
	24.17	**17.16**
Profit & Loss Account	(8.07)	(3.93)
	(8.07)	**(3.93)**
	210.28	**198.82**

*Includes Rs. 2,330/- for the FY 2008-09.

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 3 SECURED LOANS		
From Banks & Financial Institution		
Secured by way of charge on rentals, mortgage / hypothecation of properties, movable & immovable properties	1,543.43	950.07
Secured by way of charge on hypothecation of inventories, advances and receivables of specified projects and fixed deposit receipts	171.52	72.77
Interest Accrued but not Due	0.29	1.08
(Loans for Rs 1,797 Crores (Previous Year Rs 498 Crores) are guaranteed by directors)		
	1,715.24	**1,023.92**

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 4 UNSECURED LOANS		
Loans From Others	9.58	4.00
	9.58	**4.00**

Schedules forming part of Consolidated Accounts

(Rs. in Crores)

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 5 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	1.91	6.17
Less : Deferred Tax Asset	4.45	-
	(2.54)	6.17

SCHEDULE 6 FIXED ASSETS

(Rs. in Crores)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31-Mar-09	Additions	Deductions / Transfers	As at 31-Mar-10	Up to 31-Mar-09	For the year	Deletions	Up to 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
INTANGIBLE ASSETS										
Computer Software*	-	2.22	-	2.22	-	0.11	-	0.11	2.11	-
Port License	0.75	-	-	0.75	-	0.02	-	0.02	0.73	0.75
TANGIBLE ASSETS										
LEASED ASSETS										
Digital Zone - I										
Land	5.23	-	-	5.23	-	-	-	-	5.23	5.23
Building	22.63	-	-	22.63	1.61	0.37	-	1.98	20.65	21.02
Plant & Machinery	5.25	-	-	5.25	1.07	0.25	-	1.32	3.93	4.18
Electrical Equipment & Fittings	10.99	-	-	10.99	2.26	0.52	-	2.78	8.21	8.73
Furniture & Fixtures	9.34	-	-	9.34	2.51	0.59	-	3.10	6.24	6.83
Thiruvanmiyur									-	-
Land & Building	0.45	-	-	0.45	-	-	-	-	0.45	0.45
PORT ASSETS										
Buildings	-	29.38	-	29.38	-	0.76	-	0.76	28.62	-
Dredged Channels	-	122.00	-	122.00	-	3.39	-	3.39	118.61	-
Marine Structures	-	146.69	-	146.69	-	4.07	-	4.07	142.62	-
Plant and Machinery	0.23	54.86	-	55.09	0.01	2.06	-	2.07	53.02	0.22
OTHER ASSETS										
Land	130.78	18.45	28.75	120.48	-	-	-	-	120.48	130.78
Computers	2.72	2.69	-	5.41	1.13	0.55	-	1.68	3.73	1.59
Office Equipment	1.68	0.69	0.01	2.36	0.23	0.13	-	0.36	2.00	1.45
Furniture & Fittings	2.43	0.81	0.01	3.23	0.50	0.31	0.01	0.80	2.43	1.93
Motor Vehicles	3.58	10.37	0.54	13.41	0.51	0.73	0.13	1.11	12.30	3.07
Plant & Machinery	3.00	14.63	5.54	12.09	0.26	0.42	-	0.68	11.41	2.74
Electrical Equipment & Fittings	0.36	1.06	-	1.42	0.03	0.13	-	0.16	1.26	0.33
Dredger	64.75	58.50	64.75	58.50	4.53	3.55	6.25	1.83	56.67	60.22
Fibre Boat	0.05	-	0.05	-	-	-	-	-	-	0.05
Building	0.06	0.33	0.08	0.31	0.01	0.31	0.01	0.31	-	0.05
Total	**264.28**	**462.68**	**99.73**	**627.23**	**14.66**	**18.27**	**6.40**	**26.53**	**600.70**	**249.62**
Previous Year	**230.35**	**56.46**	**22.53**	**264.28**	**7.94**	**6.77**	**0.05**	**14.66**	**249.62**	**222.41**
Capital Work in Progress	**556.43**	**493.42**	**315.30**	**734.55**	**-**	**-**	**-**	**-**	**734.55**	**556.43**
Previous Year	**192.49**	**426.82**	**62.88**	**556.43**	**-**	**-**	**-**	**-**	**556.43**	**192.49**

*Note: - Other than internally Generated

Particulars	As at 31-Mar-10	As at 31-Mar-09
Capital work-in-progress includes:		
a) Construction costs	571.87	407.03
b) Pre-operative expenses	53.51	33.47
c) Borrowing cost	98.30	64.85
d) Capital advances	10.87	51.08
	734.55	**556.43**

Schedules forming part of Consolidated Accounts

(Rs. in Crores)

Particulars				As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 7 INVESTMENTS					
Long Term Investments					
Investments in Shares (Non-Quoted, Stated at Cost)					
Company	**Face value**	**No of Shares**			
	(Rs.)	**31-Mar-10**	**31-Mar-09**		
Marg Digital Infrastructure Pvt Ltd	10	595,000	595,000	0.59	0.59
Marg Realities Ltd	10	995,000	995,000	1.00	1.00
Catholic Syrian Bank Ltd	10	20,100	20,100	0.06	0.06
				1.65	**1.65**
Investments in Associate (Non-Quoted)					
Rajakamangalam Thurai Fishing Harbour Pvt Ltd*	10	3,900	3,900	-	-
Add/Less: Profit/(Loss) in Associates**				-	-
				-	-
Investments in Properties (Non-Quoted, Stated at Cost)					
Building				0.84	0.84
				0.84	**0.84**
Short Term Investments					
Investments in Mutual Funds (Quoted)					
UTI Infrastructure Advantage Fund Series	10	100,000	100,000	0.10	0.10
Less : Provision for Decline in Investments				0.01	0.04
				0.09	**0.06**
				2.58	**2.55**

*Includes Rs 39,000/- as at 31st March 2010 and 31st March 2009.

**Includes Rs (18,445)/- as at 31st March 2010.

SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Stock of Completed Projects	6.13	-
Land Stock	56.51	64.89
Projects in Progress	244.44	138.33
Stock of Materials at Site	22.91	17.81
	329.99	**221.03**
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for more than 6 months	33.87	1.53
Others	385.21	138.74
	419.08	**140.27**
Cash and Bank Balances		
Cash Balance	0.72	0.91
Balances with Scheduled Banks		
In Current Accounts	99.14	22.67
In Deposit Accounts	9.86	0.98
In Margin Money Accounts	31.74	28.48
	141.46	**53.04**

Schedules forming part of Consolidated Accounts

(Rs. in Crores)

Particulars	As at 31-Mar-10	As at 31-Mar-09
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	121.72	45.36
Advances to Staff	0.95	0.66
Advances to Others	50.58	135.09
Prepaid Taxes	35.69	24.14
Security Deposits	5.86	2.85
	214.80	**208.10**
	1,105.33	**622.44**

Particulars	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 9 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	130.23	84.35
Advances from Customers	17.20	14.38
Expenses Payable	68.77	25.01
Bills Payable	95.85	7.75
Statutory Dues	16.96	10.88
Unclaimed Dividend	0.13	0.09
Due to Directors	0.64	0.65
Mobilisation Deposit	18.50	18.50
	348.28	**161.61**
Lease Deposits / Rental Advances	4.90	4.18
	4.90	**4.18**
Provisions		
ESOP	-	0.69
Proposed Dividend	7.43	5.13
Tax on Dividend	1.13	0.87
	8.56	**6.69**
	361.74	**172.48**

Schedules forming part of Consolidated Accounts

(Rs. in Crores)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
SCHEDULE 10 INCOME FROM OPERATIONS		
Income from Projects	353.75	59.25
Income from Leasing	10.69	10.84
	364.44	**70.09**

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
SCHEDULE 11 OTHER INCOME		
Profit on Sale of Investment	11.69	-
Dividend Received	0.01	0.01
Agricultural Income	0.10	0.28
Profit on Sale of Assets	8.32	35.65
Exchange Rate Difference	2.26	-
Miscellaneous Income	1.83	0.21
	24.21	**36.15**

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
SCHEDULE 12 COST OF PROJECTS/OPERATING EXPENSES		
COST OF PROJECTS		
Opening Stock		
Land Stock	64.89	64.79
Projects in Progress	138.33	37.84
Stock of Materials at Site	17.81	3.42
	221.03	**106.05**
Expenditure During the year		
Cost of Projects	341.85	129.92
Closing Stock		
Stock of Completed Projects	6.13	-
Land Stock	56.51	64.89
Projects in Progress	244.44	138.33
Stock of Materials at Site	22.91	17.81
	329.99	**221.03**
Cost of Projects	**232.89**	**14.94**
Repairs & Maintenance-Leased Properties	1.06	1.39
	233.95	**16.33**

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
SCHEDULE 13 PERSONNEL EXPENSES		
Salaries & Allowances	10.82	9.81
Directors Remuneration	1.63	1.63
Directors Sitting Fees		
- Board Meeting	0.11	0.09
- Committee Meeting	0.12	0.08
Rent Staff	0.09	0.10
Contribution to Funds	1.09	0.92
Recruitment & Training Expenses	0.35	0.37
Staff Welfare Expenses	1.09	1.86
Retirement Benefits	0.43	0.22
Employee Compensation Expense	1.12	-
	16.85	**15.08**

Schedules forming part of Consolidated Accounts

(Rs. in Crores)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
SCHEDULE 14 ADMINISTRATIVE EXPENSES		
Rent	3.03	1.86
Rates & Taxes	0.23	0.05
Communication Cost	0.95	0.73
Electricity Charges	0.74	0.38
Travelling and Conveyance	4.21	2.93
IT Services	0.67	0.61
Repairs & Maintenance	2.22	0.17
Secretarial Expenses	1.45	0.71
Advertisement & Business Promotion	6.80	7.66
Printing & Stationery	0.68	0.46
Postage and Courier Charges	0.10	0.04
Payment to Auditors		
- Statutory Audit Fee	0.25	0.17
- Other Services	0.02	0.01
Insurance Premium	0.70	0.76
Legal & Professional Charges	4.25	6.92
General Expenses	0.87	0.51
Exchange Rate Fluctuation	0.06	0.16
Office Maintenance	2.79	1.88
Donation	0.22	0.25
Vehicle Maintenance	0.50	0.24
Loss on Sale of Assets	0.17	-
Preliminary Expenses Written off	0.02	0.01
	30.93	**26.51**
SCHEDULE 15 INTEREST & FINANCE CHARGES		
Interest on Loans	52.18	14.17
Less : Interest Income	10.86	4.31
Net Interest	41.32	9.86
Bank & Finance Charges	3.18	3.91
	44.50	**13.77**
SCHEDULE 16 DEFERRED TAX EXPENSE (INCOME)		
Deferred Tax Liability for the year	(8.71)	2.67
	(8.71)	**2.67**

Schedules forming part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS

PRINCIPLES OF CONSOLIDATION

a. The Consolidated Financial Statements relate to MARG Limited ("The Company") ,its subsidiaries and Associates. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" and "Accounting Standard 23", "Accounting for Investment in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, on the following basis.

b. The Financial Statements of the Company and its Subsidiary Companies have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income & expenses as per the respective financial statements duly certified by the Auditors of the respective Companies after fully eliminating intra group balances and also transactions resulting in unrealized profits or losses in accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

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

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

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

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

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

h. The details of the Subsidiary Companies considered in the consolidated financial statements are listed in 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 wherever applicable to the Company.

B. REVENUE RECOGNITION

1. In respect of property development and / or Construction contracts, the Company follows percentage completion method as per Accounting Standard 7 issued by the Institute of Chartered Accountants of India. The percentage of completion is stated on the basis of physical measurement of work actually completed/ actual cost incurred as compared to total estimated cost, at the balance sheet date, taking into account the contractual price and revision thereto. Losses on contracts are fully accounted for as and when incurred. Foreseeable losses are accounted for when they are determined except to the extent

they are expected to be recovered through claims presented or to be presented to the customer or in arbitration. Expenditure incurred in respect of additional costs / delays are accounted in the year in which they are incurred. Claims made in respect thereof are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received from the client. Project Development Income is the fee charged to the customers on transfer of property in consideration of various services rendered by the Company for promoting the respective projects.

2. Revenue from Port operation services excludes service tax and is recognized as and when the services are rendered.
3. Dividend income is recognized when the right to receive the payment is established.
4. In respect of other incomes, accrual system of accounting is followed.

C. FIXED ASSETS, DEPRECIATION & IMPAIRMENT

(i) The Fixed Assets are stated at cost of acquisition including interest paid on specific borrowings up to the date of acquisition/installation of the assets and improvement thereon less depreciation.

(ii) In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalised.

(iii) Depreciation is provided on fixed assets, on straight-line method, on pro-rata basis as per the rates specified in Schedule XIV of the Companies Act, 1956.

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

(v) 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.

(vi) Intangible assets

- SAP software and other computer software are stated at cost of acquisition less accumulated amortization. The SAP software cost is amortized over a period of five years on a pro-rata basis.
- The Port license awarded by the Government of Pondicherry to develop and operate port project at Karaikal is amortized over the initial license period of thirty years from the date of commencement of the operation.

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

D. VALUATION OF CLOSING STOCK

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

(ii) 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. EMPLOYEE BENEFITS

1. Short Term employee benefits

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

2. Post employee benefits

- **Provident Fund**

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

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

- **Gratuity**

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

- **Leave Encashment**

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

G. TAX ON INCOME

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

(ii) Deferred Tax 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 and Loss account in the year in which they are incurred.

J. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when:

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

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

Contingent Assets are neither recognized nor disclosed

K. EMPLOYEE STOCK COMPENSATION COST

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

L. LEASES

- Operating Leases

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

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

- Finance Leases

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

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

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

M. EARNINGS PER SHARE

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

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

NOTES ON ACCOUNTS

1 CONTINGENT LIABILITIES

a. Estimated amount of liability on capital contracts as on 31st March 2010 is Rs 1,094.10 Crores (Previous Year Rs 161.76 Crores)

b. Corporate Guarantees and Collateral Securities given to Banks in respect of loans taken by other Companies : Rs 2,300.85 Crores (Previous Year Rs 11.20 Crores)

c. Corporate Guarantees given to Bank in respect of performance bank guarantees issued by them : Rs 65.33 Crores (Previous Year Rs 12.32 Crores)

d. 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 0.94 Crore (Previous year Rs. 0.95 Crore) to be performed on or before 17th February 2012, 27th February 2015 & 3rd January 2015 respectively, undertaken by the Company for import of capital goods.

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

f. Income Tax Demand

Tax on Income

Assessment Year	Details of Demand (Rs)				Forum Where Dispute is Pending
	Demand Raised By Dept.	Amount Paid under Protest			
		Till 31st March 2009	During 2009-10	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
2007 - 08	1,340,625	-	-	1,340,625	CIT

TDS

Assessment Year	Details of Demand (Rs)				Forum Where Dispute is Pending
	Demand Raised By Dept.	Amount Paid under Protest			
		Till 31st March 2009	During 2009-10	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

Schedules forming part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

g. Sales Tax Demand

Assessment Year	Details of Demand			Forum Where Dispute is Pending
	Demand Raised	Demand paid	Balance	
2004 - 05	150,972	-	150,972	Asst. Commissioner, Sales Tax
2005 - 06	469,014	-	469,014	Asst. Commissioner, Sales Tax
2006 - 07	1,123,972	-	1,123,972	Asst. Commissioner, Sales 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 Assets / liability.

During the year an amount of Rs 8.71 Crores has been created for deferred tax assets. The deferred tax assets outstanding as on 31st March 2010 is Rs 2.54 Crores the details of which are as follows: *(Rs. in Crores)*

Particulars	As at 31-Mar-10	As at 31-Mar-09
Outstanding Deferred Tax Liability as at the beginning of the year	6.17	3.50
Timing difference on account of Depreciation	17.35	2.67
Timing difference on account of Business Loss	(21.49)	-
Timing difference on account of Employee Benefits	(0.28)	-
Reversal of Deferred Tax Liability for Dredger Depreciation	(4.29)	-
Outstanding Deferred Tax Liability (Net) as at the end of the year	(2.54)	6.17

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. 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 Rajakamanglam Thurai Fishing Harbour Private Limited.

B. Key Management Personnel : (KMP)

G R K Reddy-Chairman & Managing Director

C. Relative of Key Management Personnel

V P Rajini Reddy-Director and wife of the MD

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

i) Avinash Constructions Private Limited
ii) Noble Habitat Private Limited
iii) Jeevan Habitat Private Limited
iv) Akshya Infrastructure Private Limited
v) Marg Foundation

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

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

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

Particulars of transactions with the related parties in the ordinary course of the business: *(Rs. in Crores)*

Particulars	Associates	KMP and Relatives	Entities over which KMP and Relatives have control/ significant influence	Total
Contract & Service Received	-	-	1.29	1.29
Loans & Advances Made	0.14	-	-	0.14
Remuneration & Commission, Director Sitting fee	-	1.71	-	1.71
Guarantees and Collaterals Received	-	-	121.00	121.00
Balance as on 31st March 2010				
Investments	-*	-	1.59	1.59
Sundry Creditors	0.07	-	-	0.07
Loans & Advances	1.10	-	-	1.10
Remuneration & Commission	-	0.60	-	0.60
Guarantees Issued	-	-	11.20	11.20
Guarantees Received	-	-	126.00	126.00

* includes Rs 39,000 in Associates

5. EMPLOYEE BENEFITS

A. GRATUITY

The Company does not maintain any fund to pay for Gratuity

i) Amount recognized in the Profit and Loss Account is as under: *(Rs. in Crores)*

Description	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Current service cost	0.50	0.28
Interest Cost	0.04	0.02
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(0.07)	(0.07)
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost – vested benefits	-	-
Expenses recognized in the statement of profit and loss	**0.47**	**0.23**

ii) Movement in the liability recognized in the Balance Sheet during the year: *(Rs. in Crores)*

Description	As at 31-Mar-10	As at 31-Mar-09
Opening net liability	0.49	0.26
Expense as above	0.47	0.23
Contribution paid	(0.02)	-
Closing net liability	**0.94**	**0.49**

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

iii) Net Assets/Liability in the Balance Sheet as at the year end. *(Rs. in Crores)*

Description	As at 31-Mar-10	As at 31-Mar-09
Present value of the obligation	0.94	0.49
Fair value of plan assets	-	-
Difference	0.94	0.49
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	**0.94**	**0.49**

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

Description	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Discount Rate	8%	8%
Salary escalation rate	8%	8%
Attrition rate	4%	4%
Expected rate of return on Plan Assets	0%	0%

B. LEAVE ENCASHMENT

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

i) Amount recognized in the Profit and Loss Account is as under: *(Rs. in Crores)*

Description	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Current service cost	0.25	0.14
Interest Cost	0.03	0.02
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	0.10	0.01
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	**0.38**	**0.17**

ii) Movement in the liability recognized in Balance Sheet is as under: *(Rs. in Crores)*

Description	As at 31-Mar-10	As at 31-Mar-09
Opening net liability	0.36	0.19
Expense as above	0.38	0.17
Contribution paid	(0.04)	-
Closing net liability	**0.70**	**0.36**

Schedules forming part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

iii) Net Assets/Liabilities in the Balance Sheet as at the year end. *(Rs. in Crores)*

Description	As at 31-Mar-10	As at 31-Mar-09
Present value of the obligation	0.70	0.36
Fair value of plan assets	-	-
Difference	0.70	0.36
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	**0.70**	**0.36**

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

PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Discount Rate	8%	8%
Salary escalation rate	8%	8%
Attrition rate	4%	4%
Expected rate of return on Plan Assets	0%	0%

6. CASH & CASH EQUIVALENTS

Cash & Cash Equivalents include the following which are not available for ready use by the Company: *(Rs. in Crores)*

Description	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Margin money	31.66	27.95
Fixed Deposit with Bank	5.39	0.20
Unclaimed Dividend with bank	0.13	0.09

7. NON CASH TRANSACTIONS

During the year, the Company sold the Dredger asset for Rs 61.45 crores to its wholly owned Foreign Subsidiary, Marg International Dredging Pte Ltd. In exchange, the subsidiary issued 69,99,200 shares of SGD 1 each.

8. PREFERENTIAL ISSUES OF EQUITY SHARES AND WARRANTS

a) The Company has taken up many projects and to part finance the capital for the second phase of Karaikal Port, the Company has raised money through preferential allotment of Warrants to the promoters, Key Management Personnel, employees and others during the year at an issue price calculated as per SEBI (Disclosure and Investor Protection) Guidelines, 2000 on preferential basis duly approved by Shareholders and Board of Directors of the Company.

b) During the year the Company issued 67,91,619 Preferential warrants convertible into equity shares at the option of the holder. Out of the above, the Company upon conversion allotted 15,62,100 equity shares of Rs. 10/- each at a premium of Rs. 51/- per share, which includes 14,50,000 shares allotted to promoters.

c) Out of the total Preferential Warrants proceeds of Rs.17.82 crores, Rs. 17.47 crores has been utilized during the year.

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

9. EMPLOYEES STOCK OPTION SCHEME(ESOP)

a) During the year ended March 31, 2010, the Company had granted further options to all the eligible employees of the Company under the MARG Constructions Limited Employees Stock Option Plan 2006 (the "Scheme"). Under the Scheme, 500,000 equity shares have been earmarked to be granted and the same will vest as follows:

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

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

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

Grant No.	Date of Grant	No. of Options Granted	Grant Price	Outstanding Options As on 31st March 2010
I	15.10.2007	1,97,006	100	34,265
II	23.10.2007	2,100	100	2,100
III	08.11.2007	3,475	120	2,700
IV	12.11.2007	3,000	130	NIL
V	17.11.2007	4,500	160	NIL
VI	08.12.2007	6,370	200	NIL
VII	19.02.2008	19,890	200	3,390
VIII	03.10.2009	2,50,844	75	2,36,471

c) During the year 37,888 equity shares were allotted to such employees who exercised the option.

10. EARNINGS PER SHARE (EPS)

(Rs. in Crores)

Particulars	2009-10	2008-09
a. Profit After Tax (Rs Crores)		
For Basic EPS	11.43	5.51
For Diluted EPS	11.43	5.51
b. Weighted average number of equity shares (Nos lacs)		
For Basic EPS	264.11	256.08
Add : Weighted average number of potential shares on account of Employee Stock Options	1.04	0.50
Add : Weighted average number of potential shares on account of Preferential allotment of warrants	32.76	–
For Diluted EPS	297.91	256.58
c. Earning Per Share (Rs)		
Basic	4.33	2.15
Diluted	3.84	2.15
d. Nominal Value Per Share (Rs)	10.00	10.00

11. Leases

- **Operating Leases**

  a. The Company has taken on cancelable lease certain premises. Total rental expense under cancelable operating lease was Rs 0.60 crore and Rs 2.62 crores for the quarter and year ended 31 March 2010 respectively. (Previous year Rs 0.42 crore and Rs 1.70 crores)

SCHEDULE 17 NOTES ON ACCOUNTS (Contd.)

b. The lease rent for the leasehold land awarded through the concession agreement by Government of Pondicherry (GoP) which is treated as a non-cancellable lease for a period of 30 years (with an option to renew for a further two periods of 10 years each). During the year the Company has incurred Rs.0.05 crores (Previous Year Rs.0.07 crores) as lease rentals.

(Rs. in Crores)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Obligations on non cancelable leases		
Not later than one year	0.05	0.05
Later than one year not later than five years	0.20	0.20
Later than five years	1.05	1.10

- **Finance Leases**

  During the year, the Company had taken certain vehicles on Finance Lease. The reconciliation between the total minimum lease payments at the Balance Sheet date and their present value is as below:

Particulars	Minimum Lease Payments	Future Finance Charges	Present Value
Not later than one year	0.04	0.01	0.04
Later than one year not later than five years	0.08	0.01	0.07
Total	**0.12**	**0.02**	**0.11**

12. Expenditure in Foreign Currency

(Rs. in Crores)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Foreign Travel	0.28	0.24
Professional/Consultancy Fees	0.19	1.40
Others	0.07	0.03
Charter hire charges	6.80	-
Total	**7.34**	**1.67**

13. CIF Value of Imports

(Rs. in Crores)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Spares	1.40	5.52
Materials	1.65	-
Capital Goods	45.51	-
Total	**48.56**	**5.52**

14. Auditors' Remuneration

(Rs. in Crores)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Statutory Audit Fees	0.25	0.17
Other Services	0.02	0.01
Total	**0.27**	**0.18**

15. **Consumption of Spares and Consumables – imported and indigenous**

(Rs. in Crores)

Particulars	Consumption		% of Total Consumption	
	2009-10	2008-09	2009-10	2008-09
Imported	-	-	-	-
Indigenous	2.19	-	100	-
Total	**2.19**	**-**	**100**	**-**

16. 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.

17. **The details of Capital Reserve and Goodwill on consolidation are as under:**

(Amount in Rupees)

Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
Goodwill	23,409	-
Capital Reserve	2,330	2,330
Goodwill(Net of capital reserve)on consolidation	21,079	(2,330)

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

Signatories to Schedule 1 to 17

As per our Report of even date attached
For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

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

S. Sivaraman
Company Secretary

Annexure

A. Subsidiaries of MARG Limited

Sl No	Name of the Company	Country of Incorporation	%age of voting power held as at 31st March 2010
1	Aaram Constructions Private Limited	India	100.00%
2	Abhinaya Infradevelopers Private Limited	India	100.00%
3	Ajani Constructions Private Limited	India	100.00%
4	Akarsh Constructions Private Limited	India	100.00%
5	Akhil Infrastructure Private Limited	India	100.00%
6	Ambar Nivas Private Limited	India	100.00%
7	Amir Constructions Private Limited	India	100.00%
8	Anumanthai Beachside Resorts Private Limited	India	100.00%
9	Anuttam Constructions Private Limited	India	100.00%
10	Aparajitha Infrastructure Private Limited	India	100.00%
11	Aprati Constructions Private Limited	India	100.00%
12	Arogya Constructions Private Limited	India	100.00%
13	Arohi Infrastructure Private Limited	India	100.00%
14	Aroopa Infradevelopers Private Limited	India	100.00%
15	Atul Infrastructure Private Limited	India	100.00%
16	Avatar Constructions Private Limited	India	100.00%
17	Bay Infradevelopers Private Limited	India	100.00%
18	Bharani Infrastructure Private Limited	India	100.00%
19	Bhushan Tradelinks Private Limited	India	100.00%
20	Darpan Houses Private Limited	India	100.00%
21	Dasha Infradevelopers Private Limited	India	100.00%
22	Future Parking Private Limited	India	51.00%
23	Giri Infradevelopers Private Limited	India	100.00%
24	Goldenview Nivas Private Limited	India	100.00%
25	Highrise Housing Projects Private Limited	India	100.00%
26	Hilary Constructions Private Limited	India	100.00%
27	Indraprastha Homes Private Limited	India	100.00%
28	Jai Ganesh Infradevelopers Private Limited	India	100.00%
29	Kanchanajunga Infradevelopers Private Limited	India	100.00%
30	Karaikal Infradevelopers Private Limited	India	100.00%
31	Karaikal Port Private Limited	India	100.00%
32	Karaikal Power Company Private Limited	India	100.00%
33	Kirtidhara Infrastructure Private Limited	India	100.00%
34	Kripa Infrastructure Private Limited	India	100.00%
35	Magnumopus Infrastructure Private Limited	India	100.00%
36	Marg Aviations Private Limited	India	100.00%
37	Marg Business Park Private Limited	India	100.00%
38	Marg Communications Private Limited	India	100.00%
39	Marg Constructions (Chennai) Private Limited	India	100.00%
40	MARG Industrial Clusters Limited	India	100.00%
41	MARG Infrastructure Developers Limited	India	100.00%
42	Marg International Dredging PTE Limited.	Singapore	100.00%
43	Marg Logistics Private Limited	India	100.00%
44	MARG Marine Infrastructure Limited	India	100.00%
45	Marg Port Management Services Private Limited	India	100.00%
46	Marg Power Projects Private Limited	India	100.00%
47	MARG ProperTies Private Limited	India	100.00%
48	Marg Renewable Power Projects Private Limited	India	100.00%
49	Marg Swarnabhoomi Logistics Private Limited	India	100.00%
50	Marg Swarnabhoomi Port Private Limited	India	90.00%
51	Marg Swarnabhoomi Power Private Limited	India	100.00%
52	Marg Trading PTE Limited.	Singapore	100.00%
53	Marigold Villas Private Limited	India	100.00%
54	Mayur Habitat Private Limited	India	100.00%
55	Mukta Infrastructure Private Limited	India	100.00%
56	Navita Estates Private Limited	India	100.00%
57	Navrang Infrastructure Private Limited	India	100.00%
58	New Chennai Township Private Limited	India	100.00%
59	New Era Land Developers Private Limited	India	100.00%
60	O M R Developers Private Limited	India	100.00%
61	Parivar Apartments Private Limited	India	100.00%
62	Pathang Constructions Private Limited	India	100.00%
63	Prospective Constructions Private Limited	India	100.00%
64	Rainbow Habitat Private Limited	India	100.00%
65	Riverside Infrastructure (India) Private Limited	India	59.13%
66	Rupak Constructions Private Limited	India	100.00%
67	Sanjog Infrastructure Private Limited	India	100.00%
68	Saptarishi Projects Private Limited	India	100.00%
69	Saral Homes Private Limited	India	100.00%
70	Sarang Infradevelopers Private Limited	India	100.00%
71	Sathsang Constructions Private Limited	India	100.00%
72	Shubham Vihar Private Limited	India	100.00%
73	Siddhi Infradevelopers Private Limited	India	100.00%
74	Signa Infrastructure India Limited	India	74.00%
75	Singar Constructions Private Limited	India	100.00%
76	Swarnabhoomi Port Private Limited	India	100.00%
77	Swatantra Infrastructure Private Limited	India	100.00%
78	Veda Infradevelopers Private Limited	India	100.00%
79	Viswadhara Constructions Private Limited	India	100.00%
80	Wisdom Constructions Private Limited	India	100.00%
81	Yuva Constructions Private Limited	India	100.00%

B. Step down Subsidiary of MARG Limited

1	Swarnabhoomi Academy of Music Private Limited	India	100% of the shares are held by New Chennai Township Private Limited

Auditors' Report on Consolidated Cash Flow Statement

We have examined the Consolidated Cash Flow Statement of MARG LIMITED for the year ended 31st March 2010. The Statement has been prepared by the Company in accordance with the requirement of clause 32 of the listing agreement entered with Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of even date to the Board of Directors of the Company.

For **K Ramkumar & Co.,**
Regn No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

Consolidated Cash Flow Statement

(Rs. in Crores)

Sr. No.	Particulars	Year Ended 31-Mar-10	Year Ended 31-Mar-09
A	CASH FLOWS FROM OPERATING ACTIVITIES		
	Net Profit before Taxation and extraordinary Item	44.39	27.85
	Adjustment for:		
	Depreciation	18.07	6.70
	Net unrealised (Gain)/Loss on Exchange Rate Fluctuations	(0.08)	-
	Exchange (Gain) / Loss on Translation of Foreign Subsidiaries	(2.12)	-
	Net Unrealised Loss / (Profit) Decline in Investments	(0.03)	0.03
	Dividend Income	(0.01)	(0.01)
	Profit on sale of Assets	(8.28)	(35.68)
	Profit on Sale of Investment	(11.69)	-
	Loss on sale of Fixed Assets	0.17	-
	Charges for Employee Stock option	1.12	0.32
	Prior Period Items (Net)	(0.47)	-
	Interest and Finance Charges (Net)	44.49	13.77
	Operating Profit before Working Capital Changes	**85.56**	**12.98**
	Decrease / (Increase) in Sundry Debtors	(229.11)	(9.87)
	Decrease / (Increase) in Inventories	(108.95)	(114.97)
	Decrease / (Increase) in Loans & Advances	(27.77)	(75.61)
	Increase / (Decrease) in Current Liabilities	196.32	(39.48)
	Cash Generated from Operations	**(83.95)**	**(226.95)**
	Fringe Benefit tax	-	(0.28)
	Income Tax	(48.62)	(26.98)
	Cash Flow before extraordinary items	**(132.57)**	**(254.21)**
	Adjustment for extraordinary items	-	-
	NET CASH FROM OPERATING ACTIVITIES (A)	**(132.57)**	**(254.21)**
B	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(546.48)	(375.81)
	Purchase of Investments in Subsidiaries	-	(7.06)
	Goodwill on Consolidation*	-	-
	Dividend Received	0.01	0.01
	Sale of Investments in Subsidiaries	-	7.00
	Proceeds from Sale of Fixed Assets (Net)	38.95	0.15
	NET CASH FROM INVESTING ACTIVITIES (B)	**(507.52)**	**(375.71)**
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds from Issue of Share Capital	1.60	-
	Proceeds from Share Premium	8.61	-
	Proceeds from issue of Shares to Minorities**	-	-
	Proceeds from Warrant / Shares Application Money	78.30	-
	Proceeds from Long Term Borrowings (Net)	592.76	623.05
	Proceeds from Short Term Borrowings (Net)	104.33	26.83
	Interest and Finance Charges Paid (Net)	(51.13)	(14.70)
	Dividend & Dividend Tax Paid	(5.96)	(5.95)
	NET CASH USED IN FINANCING ACTIVITIES (C)	**728.51**	**629.23**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**88.42**	**(0.69)**
	Cash and Cash Equivalents at beginning of Period	**53.04**	**53.73**
	Cash and Cash Equivalents at end of Period	**141.46**	**53.04**

Note:

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

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

3 For cash and cash equivalents not available for immediate use as on the Balance Sheet date, refer Note No 6 of Notes forming part of Accounts.

4 For non cash transactions refer Note No 7 of Notes forming part of Accounts.

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

*Includes Rs. 23,409/- for the FY 2009-10 **Includes Rs. 49,000/- and Rs. 12,500/- for the FY 2009-10 and 2008-09 respectively

As per our Report of even date attached
For **K Ramkumar & Co.,**
Reg No: 02830S
Chartered Accountants

R M V Balaji
Partner
Membership No. 27476

Place : Chennai
Date : 11th August 2010

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

S. Sivaraman
Company Secretary

Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	L45201TN1994PLC029561	State Code	18
Balance Sheet Date	31-03-2010		

II. Capital Raised during the year *(Amount in Rs Thousand)*

Public Issue	NIL	Right Issue	NIL
ESOP	379	Preferential Allotment	15621

III. Position of Mobilisation and Deployment of Funds *(Amount in Rs Thousand)*

Total Liabilities	9485125	Total Assets	9485125

Source of Funds

Paid up Capital	272084	Employee Stock Option	8047
Reserve & Surplus	3997927	Warrant Application Money	82963
Secured Loans	5104669		
Deferred Tax Liability	13873	Unsecured Loans	5562

Application of Funds

Net Fixed Assets	649736	Investment	4379633
Net Current Assets	4455756	Accumulated Loss	NIL

IV. Performance of Company *(Amount in Rs Thousand)*

Turnover	7453927	Total Expenditure	6461696
Profit/Loss before Tax	1147179	Profit/Loss after Tax	794926
Earning per Share in Rs.	30.10	Dividend Rate %	20.00%

V. Generic names of Three Principal Products of the Company

Item Code No. (ITC Code)	DIVISION45
Product Description	CONSTRUCTION

“Success is the result of perfection, hard work, learning from failure, loyalty and persistence.”

– Colin Powell

Notes