

YTD Dec 2012 Marg External EPC revenue up by 76% - PAT drops by 2%
Karaikal Port posted 24% growth in traffic; 32% in revenue and 59% in EBITDA
Group poised for business growth in 2013-14 aided by Project Approvals

Marg – Standalone Financial Highlights

- Standalone Operational revenue at Rs. 172.5 Crores in Q3 FY13 with an EBITDA of Rs. 4.8 Crores
- YTD Dec 12 revenue stands at Rs. 659.7 Crores with an EBITDA of Rs. 48.5 Crores and PAT of Rs. 44.1 Crores

Results Analysis

- YTD Dec 12 revenue at Rs. 660 cr as compared to Rs. 1,109 cr in YTD Dec 11
 - YTD Dec 12 External EPC revenue at Rs. 471 crores as compared to Rs. 267 in YTD Dec 11 (an increase of Rs. 204 crores)
 - EPC work from Karaikal Port deferred by Rs. 400 cr. Substantial Port development is already completed and also part of the work is deferred due to delay in approval for Road over-bridge and River diversion.
 - EPC work from Marg Junction Mall development deferred by Rs. 100 crores due to delay in approval of additional FSI.
 - EPC work from residential development to the tune of Rs. 400 crores did not materialize, due to delay in approval of Residential Development. These approvals have been obtained and revenue will accrue at a faster pace from FY14.
 - Delay in enhancement of additional working capital limits hampering further business development, which has been considered by the consortium now.
- YTD Dec 12 PAT dropped by around 2% (from 8.6% to 6.7%) due to:
 - EBITDA dropped by 2.4% caused by increase in input material, labour, diesel and power cost and project delay by external customers resulting in delayed billing and receipts
 - ~ Rs. 40 cr is being claimed from seven external EPC customers, which is under process, towards the increase in cost and delay in projects.

Group Business Highlights

EPC

- Unexecuted EPC order book is at ~ Rs. 3,830 crores as of Dec 2012 constituted by 19% for Group assets like Port, Mall and others and 81% for external customers including 47% for civil work for residential customers and 34% for Government, PSU and other Corporate EPC customers.
- Marg EPC Signed agreement with Momentum Group, an Irish-registered company established in 1983 with its headquarters in Dubai, which adds to Marg's core competence in Marine and Industrial Projects.

MARG Limited – YTD Dec 2012 Performance

- MARG EPC bagged a project worth Rs. 86 crores for construction of Head Quarters of Bureau of Police Research & Development (BPR&D), National Crime Records Bureau (NCRB) and allied works at Mahipalpur, New Delhi from NBCC
- Marg EPC is L1 in projects worth Rs. 125 crores including NMDC and Dept of Atomic Energy. MARG is also in the process of building a healthy pipeline of additional EPC contracts - bidding for mega contracts in the specialized areas like marine, industrial projects, urban infrastructure, solar & alternate energy sector
- Tenders worth around Rs. 2000 crores are in bidding stage.
- Apart from this, recent approvals obtained for residential projects, infusion of funds into Marg Junction; Launch of Service Apartments will increase the EPC turnover of Marg in the forthcoming financial year.
- Marg EPC has a number of EPC Technology partners to bolster its technical competence, a cross-industrial widespread customer base and has deployed machinery and equipment worth more than Rs. 260 crores.

Karaikal Port

- Karaikal Port handled 1.94 MMT of multi-cargo in Q3 FY13 taking the YTD total to 5.47 MMT. Posted revenue of Rs. 85.2 cr. in Q3 FY13 (YTD Rs. 216.4 cr) and EBITDA of Rs. 44 cr (53%) in Q3 FY13 (YTD Rs. 109.9 cr). Shown a growth of 33% in cargo, 47% in Revenue and 68% in EBITDA in Q3 FY13 as compared to the corresponding quarter of FY12.
- Successfully handled MV Wangaratta with a parcel size of 73,724 MT in December 2012, the largest vessel for the quarter
- Handled a total of 316 rakes in Q3 FY13 against 293 rakes handled in Q3 FY12
- The company has entered into contracts with many major cement companies for handling their coal imports like Chettinad Cement, Dalmia Cement, Madras Cement and India Cement
- Added new cargos to the portfolio like Fire clay, Lime Stone, Iron Ore, Wheat and Maize and efforts will continue to bring in additional cargos to the port.
- Additional volume of coal is expected to materialize in the coming year i.e., FY14 from the commissioning of power plants. This will also bring in the expected project cargo.
- With the iron ore mining ban in Karnataka, JSW has started importing domestic iron ore in the forms of fines and lumps for its Mecheri Plant. The cargo is expected to continue through the next year as well
- Maize is another significant addition to the cargo portfolio in the recent times and is expected to add traffic to the port in the coming year too.
- With the government’s decision to export the surplus wheat, it has contributed a total volume of ~ 81,000 mt in Q3 and is expected to contribute ~1,46,000 mt in Q4. Significant volumes will flow in the next year as well.
- Terminalisation opportunities are being explored for Coal Terminal, Liquid cum General Cargo Terminal, LNG Terminal and Container Terminal. Port has created lot of interest among national and international bulk cargo traders.

Particulars	Q3 FY12	Q3 FY13	Growth %	YTD FY12	YTD FY13	Growth %
Traffic (in mmt)	1.46	1.94	33%	4.40	5.47	24%
Revenue (in Rs Crs)	57.9	85.2	47%	163.9	216.3	32%
EBITDA (in Rs Crs)	26.2	44.0	68%	69.2	109.7	59%
EBITDA %	45%	52%		42%	51%	

Residential Development

- 6.54 Mil sqft of approved residential projects launched with a sale value of Rs. 1720 crores in 12 projects located in OMR (IT Corridor), East Coast Road (ECR), Oragadam-Sriperumpudur and Tirupati.
- 5.7 Mil sqft of residential projects soft-launched with a sale value of Rs. 1220 crores in 2 projects located in ECR.
- 0.8 Mil sqft of residential project gearing-up for launch with a sale value of Rs. 510 crores in OMR
- 7.35 Mil sqft of residential projects with development rights under conceptual stage with sale value of Rs. 1840 crores in ECR
- 4.02 Mil sqft of residential space sold to customers with a sale value of Rs. 860 crores
- Over 4000 residential customers
- 1.2 Mil sqft of residential space delivered to customers
- In Swarnabhoomi 90 apartments (0.1 Mil sq ft) were sold during Q3 FY13, taking the total sales to 2872 units (2 Mil sqft). Education population which is poised to grow to a level of 1500 in 2013-14 is a major demand driver of residence. Growth of education population from the current level of 900 to 4000 by FY16, along with the Light Engineering and IT Training centres and the demand from Kalpakkam will continue to drive the residence sale in MARG Swarnabhoomi.
- Swarnabhoomi Cityscapes launched a Unique product of Serviced Villa Plots. 225 acres have been earmarked with 2425 Villa Plots. During FY13 250 villa plots (0.43 Mil sqft) have been booked with a Sale value of Rs. 21.2 Crores.
- Marg Properties sold 275 units (0.3 Mil sqft) in Q3 FY13 with sale value of Rs. 97 crores, taking the total sales to 1872 units (2 Mil sqft) with a sale value of Rs. 517 crores. The increasing demand in Chennai market, clubbed with the brand image of Marg Properties and the unique concepts of Properties Shoppe, measure and pay and the affordable pricing continues to propel the sale of residential space of Marg Properties.
- Handing over in Vishwashakthi – Phase I, MARG's prestigious integrated township project in Tirupathi is in progress and 60% of superstructure work is completed in Phase II.
- Marg Chinmaya Vidyalaya School at Vishwashakthi complex is the first-ever Chinmaya Mission Vidyalaya established in Tirupati. The school is running for the 2nd year with a total strength of more than 100 students with good infrastructure and facilities.
- 80% of super structure work is completed in MARG Savithanjali – Phase I and foundation work has been completed in Phase II of Savithanjali
- 25% super structure work has been completed in Kalpavriksha and Pushkara Projects.

Marg Junction

- Launching 340 units Service Apartments/Residences (3.2 Lacs Sqft) with a sale value of Rs. 250 crores.
- Launching a high end Club of 70000sft targeting high net worth individuals and Corporate clients
- Service apartments, club membership, rental advances and sale of part facilities will fetch a cash surplus with which Marg Junction Mall development will be self sufficient.
- As of now, 65% of the space in Mall has been booked by Anchors, Mini-anchors and other vanilla clients. With rentals firmed up, over 250 leading brands have shown keen interest in the Mall.
- Mall will have a soft launch in June 2014 with above 80% occupancy

Urban and Industrial Infrastructure – Marg Swarnabhoomi

Light Engineering

- Light Engineering SEZ houses 10 leading industrial / manufacturing units including Grundfos, Virgo Engineering, Polyhose, Easwari Electricals, Twin Disc, Tecpro, TVS Kwikpatch.
- New Manufacturing facility of M/s Twin Disc has begun operation in this zone on a 33,500 sqft manufacturing unit leased out with a lock-in period.
- Existing units are in expansion mode seeking additional acres within Swarnabhoomi.
- Total physical exports from the SEZ units reached a cumulative YTD figure of Rs. 32.5 crores by the end of Q3 FY13, which is almost 5 times that of Rs. 6.9 cores in the corresponding period of FY12. With the expansion of existing units and startup of additional units the exports are slated to grow faster.

Multiservices- Education/Research/IT-ITES Training Centres

- Signed MOU's with Limkokwing University of Malaysia, Central Institute of Technology of Western Australia and ITE Education Services Pte Limited of Singapore for over 250,000 sq ft of leasable space; these institutes will offer courses in various fields in the academic and vocational categories.
- Interest received from additional five top ranked US Universities, one Canadian University and two Australian Universities to establish collaboration with Marg Swarnabhoomi in education and research area.
- This is in addition to the existing units of MIDAS (Architectural Institute), MNV (CBSE School), Swarnabhoomi Academy of Music (SAM) and Exemplarr Worldwide
- Proposals have been submitted to key decision makers in IT majors for Training-cum-Operating centres.
- The current count of students in MNV School is 400. Post admission student strength would be 500 in 2013-14.
- MIDAS is in its second year of operation. Current student strength at MIDAS is 135 students (1st batch: 55, 2nd Batch 80 students). MIDAS has received a Letter of Intent (LoI) from Council of Architecture, New Delhi, for adding another 40 seats to the B. Arch program, from the academic year 2013-14. The annual intake of B. Arch program post the increase will become 120. Student strength in 2013-14 would be 255.
- SAM is the first ever professional college for music in India offering a range of programs in contemporary music that includes rock, jazz, classical and world music and 280 students have already graduated from SAM. Annual students trained in 2013-14 would be 150.
- College of Arts and Science (MCAS), a Management Institute and an Engineering college are in the pipeline in and around Swarnabhoomi.
- In 2013-14, the total student population is expected to be over 1500, which will further grow to 4,000 FY16, accelerating demand for residential / hostel facilities at Marg Swarnabhoomi.

Summarised Business Potential

- With increments in the current cargo, new cargo from the power plants, additional container, maize and wheat cargo, Karaikal Port is expected to clock around 10 MMT in FY14 with improved EBITDA and the cargo ramp-up will expand in the further years, aided by power plants and Terminalisation of berths.
- Residential development of around 9 Mil sqft is in immediate sale pipeline with a sale value of Rs. 2,600 crores.
- Education and Research Institutions, IT/ITES Training Centres and Industrial and Defense Offset units will drive the Marg Swarnabhoomi development.
- Unique serviced plots launched near Swarnabhoomi in 225 acres, is targeted to yield around Rs. 150 crores in two years.
- Marg Junction Mall which will be self sufficient in development with the cash generation from sale of serviced apartments, club membership, rental advances will be soft launched in June 2014, and will stabilize by FY 16 posting a turnover of around Rs. 100 crores.
- MARG EPC strengthened by infusion of funds in MARG Junction, residential approvals, launch of serviced apartments and additional orders expected in Marine, Urban Infra and oil/gas sector and recent collaborations

Other Highlights

- While the long-term cash generation potential is in-tact, to match the debt servicing with the near-term cashflow generation pattern of EPC, Karaikal Port and Swarnabhoomi, debt repayment terms of the loans are being re-negotiated bilaterally with bankers. This process will smoothen the debt servicing and enhancing the cash availability to plough back into the business requirements. This bilateral negotiation of loans will also give ample time for concentration on business development, profitability and value enhancement of Marg's investments in the forthcoming financial year.
- MARG Karaikal Port adjudged as the 'Best Project' under the Port Development category at the prestigious 'D&B – AXIS BANK INFRA AWARDS 2012', Mumbai