

SECOND ANNUAL REPORT 1996 - 1997

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For MARG CONSTRUCTIONS LIMITED.

Signature
Authorised Signatory

MARG
CONSTRUCTIONS LTD.



MARG CONSTRUCTIONS LTD.

BOARD OF DIRECTORS

1. MR.G.R.K. REDDY
2. MRS.V.P.RAJINI REDDY
3. MR.G.R.R.M. REDDY

COMPANY SECRETARY

MR.S.JAGANNATHAN

AUDITORS

M/s. K Ramkumar & Co.,
Chartered Accountants
E-7, III Floor, Gemini Parsn Apartments
Cathedral Garden Road
Madras-600 006.

BANKERS

ALLAHABAD BANK
SYNDICATE BANK
VIJAYA BANK
STATE BANK OF TRAVANCORE
THE VYSYA BANK LTD

REGISTERED OFFICE

501 Apex Chambers
20, Thiagaraya Road
T Nagar, Madras-600 017.

BRANCH

Marg House, D.No.27-1-56
Lakshmi Talkies Centre, Eluru Road
Governorpet, Vijayawada-520-002.

For MARG CONSTRUCTIONS LIMITED.

Legami
Authorised Signatory.

MARG CONSTRUCTIONS LTD.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Second Annual General Meeting of the shareholders of Marg Constructions Ltd will be held on Wednesday, the 10th day of September, 1997 at Rani Seethai Hall, 603, Anna Salai, at 2.30 P.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' report, Audited Profit and Loss Account for the year ended 31st March 1997 and the Balance Sheet as at that date and the Auditors' report thereon.
2. To appoint a Director in place of Mrs.V P Rajini Reddy who retires by rotation and being eligible candidate offer herself for reappointment.
3. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/S K Ramkumar & Co., Chartered Accountants be and are hereby appointed as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board in addition, to reimbursement of out of pocket expenses".

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

RESOLVED that subject to the approval of the Central Government pursuant to Section 269, Section 316 and other applicable provisions of the Companies Act, 1956 Mr G R K Reddy, who was appointed as a Managing Director with effect from 25-7-97 in place of Mr G Raghava Reddy who resigned from the post. The terms and conditions of his appointment are as follows:

1. Period of Contract: Five Years from 25th July 1997.
2. Remuneration : Nil
5. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

RESOLVED that Mr. G R R M Reddy, who was appointed as Additional Director with effect from 25-07-97 by the Board of Directors and who holds office upto this Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director liable to retire by rotation.

Place : Chennai
Date : 28th July 1997

BY ORDER OF THE BOARD
S.JAGANNATHAN
COMPANY SECRETARY

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. THE PROXY FORM, DULY STAMPED AND EXECUTED, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item Nos., 4 and 5 is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 04th September 1997 to 10th September 1997, (both days inclusive).
5. *Members are requested to quote their Folio Numbers in all their correspondence.*
6. Members are requested to notify immediately changes, if any, in their addresses to the Company, specifying full address in Block Capital with Pin Code of the Post office.
7. Members are requested to bring their copy of the Annual Report to the Meeting.
8. Members are requested to bring with them the Attendance Slip and hand it over at the entrance duly signed by them.

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**EXPLANATORY STATEMENT FOR ITEM NOS.4 & 5 OF THE
ACCOMPANYING NOTICE IS AS UNDER:****Item No.4:**

Due to his preoccupation Mr G Raghava Reddy has resigned from the post of Managing Director. The Board nominates Mr G R K Reddy for the post of Managing Directorship who is having wide experience in the field of Management and Administration and being eligible offer himself to render his service in the company.

The proposal requires the approval of the Shareholders and hence the resolution for the appointment of Mr G R K Reddy as a Managing Director of the Company is placed before you for your approval, Mrs V P Rajini Reddy, Director of the Company, being related to Mr G R K Reddy, may be deemed to be concerned in the resolution in respect of his appointment. Save and except the above, none of the other Directors of the Company are in any way concerned or interested in the resolution.

Item No.5:

Mr.G.R.R.M.Reddy was appointed as Additional Director of the Company with effect from 25-07-1997 at the Board Meeting held on 25-07-1997 pursuant to Section 260 of the Companies Act, 1956, Mr G R R M Reddy will hold office of Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a Member proposing the Candidature of Mr G R R M Reddy for the Office of Director under the provision of Section 257 of the Companies Act, 1956.

No Director of the company is interested or concerned in the said resolution.

Place: Chennai
Date : 28th July 1997

BY ORDER OF THE BOARD
S JAGANNATHAN
COMPANY SECRETARY

DIRECTOR'S REPORT

To

The Shareholders

The Directors have pleasure in presenting the Second Annual Report on the business and operations of your Company and the audited statement of accounts for the year ended 31st March 1997.

FINANCIAL RESULTS

The Financial Results of the Company for the year under review are given below for your consideration.

	Rs. in lakhs
	Year ended 31.03.97
Operating Profit	3.55
Less: Depreciation	0.03
Preliminary Expenses written off	1.65
Profit before tax	1.87
Provision for tax	1.20
Profit after tax	0.67
Profit available for appropriation	0.67
APPROPRIATIONS	Nil
DIVIDEND	Nil
Transfer to General Reserve	Nil
Balance retained in Balance Sheet	0.67

The above operating results for the year 1996-97 have to be viewed in the light of unforeseen governmental policies relating to construction industries which has affected the progress of the work as planned in respect of Project at Chennai. The overall picture of the Company is reassuring.

OPERATIONS

Major portion in the Phase-I in the Project at Thiruvananthapuram was completed and the progress in respect of Phase - II in the same project is satisfactory and as per schedule. The scope of this project has been widened, hence the project period has been rescheduled. Your Directors are confident that the project will be completed before next financial year ending.

In general the demand for real estate was slashed due to various reasons. Even in this dull market conditions your company is able to market the flats without much compromise on pricing.

MARG CONSTRUCTIONS LTD.

Your Directors are considering development of real estate in larger measures by way of developing Townships etc.

In general your company has been constantly striving to improve its performance.

PROMISE (VS) PERFORMANCE (IN TERMS OF CLAUSE 43 OF LISTING AGREEMENT)

We furnish hereunder the comparison of projected figures as per Prospectus dated 28-03-95 with the actual figures for the year ended 31-03-97.

Particulars	Projections 1996-97	Actuals 1996-97
Income from operations	1138.50	65.26
Net Profit	158.24	0.67
EPS (Rs)	3.96	0.02

REASON FOR VARIANCE

The Scope of the present projects were enhanced and due to administrative / operational reasons the completion of the project was rescheduled, as a consequence of which the company could not achieve the expected results.

LOOKING AHEAD

Your Company is proposing to have wide range of marketing activities with plans to increase its network by promoting Residential Buildings, Farm Houses, Commercial/Office complexes, Shopping Centres, and Resorts.

Your company is also having Plans to setup their own Cement Plant, and also having proposal to Manufacture, deal import and export of Pig Iron, Sponge Iron Ferro Silicon Ferro Chrome and Ferrous Substances.

In the last annual meeting your company sought approval of the Share holders to approach the Company Law Board for altering the Memorandum and Articles of Association to include in its objects, clauses to setup Cement Plant, Manufacturing of Iron and Steel and to do other activities. We are pleased to announce that your company has got approval to alter the same.