

MARG CONSTRUCTIONS LIMITED



ANNUAL REPORT

2002 - 2003



BOARD OF DIRECTORS :

Mr. G.R.K. Reddy	-	Chairman & Managing Director
Mr.G.Raghava Reddy	-	Director
Mrs.G.Pushpalatha	-	Director
Mrs.V.P.Rajini Reddy	-	Director
Mr.Ramani Ramaswamy	-	Director
Mr.R.Rangarajan	-	Director

BANKERS:

Syndicate Bank
Indian Overseas Bank
UCO Bank

AUDITORS

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

REGISTERED OFFICE :

501, Apex Chambers
20, Thyagaraya Road
T.Nagar, Chennai 600 017.

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NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the shareholders of Marg Constructions Limited will be held on Wednesday, the 31st day December, 2003 at "Sri Sai Subhodaya", 57/2B, Muttukadu Road, Thiruvannamipur, Chennai - 600 041, at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Director's Report, Audited Profit and Loss Account for the year ended 31st March 2003 and the Balance Sheet as at that date and the Auditor's report thereon.
2. To appoint a Director in place of Mr.G.Raghava Reddy who retires by rotation and being eligible candidate offer themselves for re-appointment.
3. To appoint a Director in place of Mr.Ramani Ramaswamy who retires by rotation and being eligible candidate offer themselves for re-appointment.
4. 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".

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 ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the company will remain closed from Saturday 21st December 2003 to Wednesday 31st December 2003 (both days inclusive)
4. Members are requested to notify immediately changes, if any, in their address to the company, specifying full address in Block Capital with Pin Code of the Post Office.

BY ORDER OF THE BOARD

Place : Chennai
Date : 31/10/2003

G. R. K. Reddy
Managing Director



MARG CONSTRUCTIONS LIMITED

DIRECTOR'S REPORT

To

The Shareholders

Your Directors have the pleasure in presenting their Eighth Annual Report on the business and operations of your company and the Audited statement of accounts for the year ended 31st March 2003.

FINANCIAL RESULTS

	Rs. In Lakhs	
	Year ended 31.03.2003	Year ended 31.03.2002
Gross Income :	311.42	1774.66
Operating Profit :	144.80	217.60
Net Profit before Interest & Depreciation :	94.25	138.28
Less: Depreciation :	76.02	72.00
Preliminary Expenses Written Off :	1.83	1.83
Interest :	5.11	6.52
Profit before Tax :	11.27	57.92
Provision for Tax :	7.25	7.00
Profit after Tax :	4.02	50.92
Profit available for Appropriation :	4.02	50.92
APPROPRIATIONS	Nil	Nil
DIVIDEND	Nil	Nil
Transfer to General Reserve :	Nil	Nil
Balance retained in Balance Sheet :	Nil	Nil

OPERATIONS

The Company is implementing a Software Technology Park "Digital Zone" at IT Highway, Karapakkam with a total outlay of Rs 30 Crores. The civil and structural work of the project has been completed, the electrical and interior works are in progress and scheduled to be completed by the end of December 2003. Apart from the above, the company is exploring the possibilities of entering into other residential, commercial and Turnkey Projects.

DIVIDEND

Your Directors express their inability to recommend any dividend in view of inadequate profits.

PUBLIC DEPOSITS

Your company has neither invited nor accepted any deposits from the public during the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The provisions of Section 217 (1) (e) of the Companies Act, 1956 relating to conservation of energy, technology absorption, and foreign exchange earning and outgo are not applicable to company for the period under review.

DIRECTOR'S RESPONSIBILITY STATEMENT: Sec.217 2(AA):

- (i) That in the preparation of the Annual Accounts for the financial year 2002-2003, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.



- (ii) That the directors 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 for the year ended 31st March 2003 and of the profit of the company for that period.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company for preventing and detecting fraud and other irregularities.
- (iv) That the Annual Accounts are prepared on a going concern basis.

AUDITORS AND AUDITORS REPORT

M/s. K. Ramkumar & Co., Chartered Accountants, Chennai retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as Auditors of the Company till the conclusion of the next Annual General Meeting. The Company has received a Certificate from the Auditors to the effect that their reappointment if made would be within the prescribed limit under Section 224 (1B) of the Companies Act, 1956.

REPLY TO AUDITORS REMARKS AT MAIN AUDIT REPORT AND AT PARA NO.18 OF ANNEXURE TO AUDITORS REPORT

The company has been prompt in remitting the provident fund dues and the delay occurred due to accidental omission and are unintentional. The notes to the accounts referred to in the Auditors Report are self-explanatory and, therefore do not call for any further comments.

DIRECTORS

Directors Mr.G.Raghava Reddy and Mr.Ramani Ramaswamy retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment. A profile of each of these two are given in the report on corporate Governance of even dated.

PERSONNEL

Your company strongly believes that the bedrock of success for your company is the capability and competence of the human resources and efforts continue to be made regularly to develop the people for improving the performance and values. The board places on record its appreciation of the hard work and dedicated efforts put in by all the employees. The relations between the Management and Employees continue to remain on all fronts.

The provisions of Section 217 (2-A) of the Companies Act, 1956 read with rules framed there under are not applicable as none of the employee is in receipt of remuneration in excess of the limit prescribed under the rules.

ACKNOWLEDGEMENT

Your Directors wish to place on record the valuable assistance and co-operation extended by Shareholders, HUDCO, Commercial Banks, Government Authorities, Employees and Suppliers.

The future prospect of the Company is bright and it would be the company's endeavor to merit the confidence of all concerned.

For and on behalf of the Board of Directors

G.R.K. REDDY

Chairman & Managing Director

Place : Chennai

Date : 31/10/2003



REPORT ON CORPORATE GOVERNANCE

1. INTRODUCTION

Company Philosophy on Corporate Governance

The company believes in transparency, empowerment, accountability, motivation and fair business and corporate practices with all its stakeholders. These practices being followed since inception have helped the Company in its sustained growth.

The Securities and Exchange Board of India has introduced a code of Corporate Governance for implementation by all the Listed Companies vide an amendment to the Listing Agreement. As per this requirement, the compliance of this is required to be disclosed in the Directors' Report. The same is presented below:

2. BOARD OF DIRECTORS.

2.1 Composition.

As on date the Board is consisting of 6 directors out of which 5 directors are non-executive and 2 directors are independent. The Independent Directors on the Board are senior, competent and respectable people from different fields. Active participation of the Independent Directors does add value in the decision making process of the Board of Directors.

The composition of the Board of Directors during the year ended 31st March 2003 and as on the date of the Report as well as their brief resume are given below.

Name of the Directors	Brief Resume.	Category
Mr. G.R.K. Reddy	A post-graduate in Commerce with over 15 years of experience. He is the promoter director of the company and has been its Managing Director for the past 7 years.	Managing Director.
Mrs. V.P. Rajini Reddy	B.Tech, is an engineer by Qualification. She has over nine years experience in the areas of Investment consultancy and Capital market operations. She also has over four years experience in the areas of	Director.



	CAD/CAM systems, Software Development and Training.	
Mr. G. Raghava Reddy	B.E..M.I.E., with over 40 years of experience in 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, Spillway works for Yelleshwaram reservoir and multistory commercial and residential complex in Vijayawada and specialized in civil Engineering.	Director.
Mrs. G. Pushpalatha	-	Director
Mr. R. Rangarajan	I.I.T, more than 12 year of experience in various sectors like Power, Civil construction & Engineering, Business Development & Corporate Planning, Information Systems, Infrastructure sectors like Toll Roads, Water Supply and Seaports. He has honed his business skills by being able to not only conceive projects but also implementing them in a pragmatic manner. His diverse experience covers long stints in various Indian cities like New Delhi, Mumbai and Chennai. He has led BOT projects in the infrastructure sector for Larsen & Toubro such as	Director



	the Coimbatore Bypass and the Narmada Bridge.	
Mr. Ramani Ramaswamy	<p>I.I.T.(Manila), having more than 13 years of experience in various areas like Fertilizers, Construction, Business Development & Corporate Planning, Paper Board Packaging / Printing Trading, Shipping and Infrastructure development mainly Seaports. He sharpened his business acumen by being executive assistant to the Chairman of a very diversified group in Thailand with interests in Trading, Shipping, Manufacturing, Hotels and Gems & Jewellery. His diverse experience spans Indian cities like Bangalore, Kanpur, Chennai, and Surat and international locations like Manila and Bangkok. He was instrumental in forming a joint venture for power plant construction between the India based SPIC Group and Jurong Engineering Ltd., Singapore. He has also been a key coordinator for the first private sector initiatives in the Port sector in India.</p>	Director

2.2 Meetings and attendance record of each Director.

During the year ended 31st March 2003, the Board of Directors met Eight times. These were held on April 16th 2002; July 25th 2002; August 12th 2002; August 16th 2002; October 29th 2002; January 20th 2003; February 13th 2003; and circular Board Meeting March 3rd, 2003.



Other than the Annual General Meeting, there was no General Meeting of the Share Holders of the Company held during the year ended 31st March 2003.

The attendance record of the Directors at the Board Meetings during the year ended on 31st March 2003 and at the last Annual General Meeting (AGM) is as under.

Name of the Directors	Attendance at Meetings	Attendance at last at AGM.
Mr. G R K Reddy	8 out of 8	Present
Mrs. V P Rajini Reddy	7 out of 8	Present
Mr. G Raghava Reddy	8 out of 8	Present
Mrs. G Pushpalatha	6 out of 8	Present
Mr. R Ranga Rajan.	6 out of 8	Present
Mr. Ramani Ramaswamy.	8 out of 8	Present

2.3 Other Directorship etc.,

The details of Directorships in other Companies (excluding Private Limited Companies, Foreign Companies and Section 25 Companies) held by the Directors as on 31st March, 2003 are given below:

Name of the Directors.	No. Of Other Director-ships in other Public Limited Co.
Mr. G R K Reddy	3
Mrs. V P Rajini Reddy	3
Mr. G Raghava Reddy	1
Mrs. G Pushpalatha	1
Mr. R Ranga Rajan.	Nil
Mr. Ramani Ramaswamy.	Nil

2.4 Remuneration of Directors.

The Managing Director is paid the remuneration as per the resolution passed in its AGM by the company. The other non-executive directors are not paid any sitting



fees for attending the Board Meeting. The members of the committee have decided not to take any sitting fees for the time being for committee meetings.

The details of remuneration and sitting fee paid and provided to each directors during the year ended on March 31, 2003 are given below.

Name of the Directors	Salary	Sitting Fees	Service Contract upto.
Mr. G.R.K. Reddy	4,80,000/-	NA	25.07.2007
Mrs. V.P. Rajini Reddy	NA	NA	NA
Mr. G. Raghava Reddy	NA	NA	NA
Mrs. G. Pushpalatha	NA	NA	NA
Mr. R. Ranga Rajan.	NA	NA	NA
Mr. Ramani Ramaswamy.	NA	NA	NA

Note:

Salary includes Basic Salary, Allowances and perquisites like contribution to Gratuity Fund, and payment of club membership fees etc.

2.5 Re-appointment of Directors.

The Directors Mr. G Raghava Reddy and Mr. Ramani Ramaswamy shall retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment. Both the directors have offered themselves for re-appointment.

The brief particulars / resume of other directorships of the Directors retiring by rotation at the ensuing Annual General Meeting have been provided in paragraph 2.1 and 2.3 above.

3. AUDIT COMMITTEE

The Audit Committee was constituted on April 16th 2002 and the composition of the committee is as under:

Mrs V.P. Rajini Reddy : Chairman
Mr Ramani Ramaswamy : Member
Mr.R. Rangarajan : Member

All the members of the Audit Committee are non-executive and two of them are independent directors. The company Managing Director Mr. G R K Reddy acts as Secretary to the Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the stock exchange. These broadly include approval of audit plan, review of financial reporting systems, internal control systems, ensuring