



Report

Our **spaces** will
take you places!

MARG Limited | Annual Report 2007-08

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Sheet Abstract

At MARG Limited, we have created a distinctive space for ourselves. We are among the few companies in India, to be concurrently present in the realty and infrastructure sectors.

Strategically, this will empower us to capitalise comprehensively on the growth of two of India's fastest growing spaces and help us emerge as one of the leading infrastructure and real estate companies in India.

Vision

Creating Landmarks. Building Values.

Mission

To maximise value for stakeholders by continuously identifying opportunities, developing people, processes and systems through innovation and world-class technologies with professionalism and social responsibility.

Quality policy

To provide quality infrastructure solutions and meet the demands of our customers by constantly upgrading our processes, people and facilities.

Our philosophy

Values: The power of 'Five'

- ♦ **Distinctive quality:** A top-class performance, highly sensitive to the timeframe, and a focus on continuous improvement
- ♦ **Positive attitude:** Always enthusiastic about the great happenings of the present and of the future at MARG
- ♦ **Creativity and innovation:** No barriers on possibility
- ♦ **Teamwork:** A perfect blend of individual energies, deep respect for individual agenda to the team's agenda
- ♦ **Character:** Honesty and integrity in all spheres of our activity resulting into a transparent and open culture of work with complete accountability in execution of tasks

Quality objectives

To achieve customer satisfaction by setting realistic expectations and meeting them by delivering quality products on time and within budget, and providing reliable services during and after sales; to constantly identify and upgrade new trends and technology as well as comply with statutory rules and ergonomical standards prevalent in the industry; to aim for zero accident in the work area by providing safety consciousness among employees and associates and to develop and maintain vendor management programmes, that will ensure reliable delivery and completion of our product within pre-determined parameters of time, quality and cost.

♦ **Past:** MARG Limited (incorporated 1994) enjoys a profitable 14-year track record in India's infrastructure and real estate businesses. The Company possesses the distinction of completing every project within the scheduled timeframe.

♦ **Promoter:** Mr. G.R.K. Reddy, a first-generation entrepreneur, is the Chairman and Managing Director of MARG Limited. Mr. Reddy began his career in 1985 as a merchant banker and gained valuable expertise in advising and structuring financial closures. An astute businessman with a vision par excellence, Mr. Reddy recognised that the infrastructure and real estate verticals would drive the second-generation reforms in India. With this understanding, he established and promoted the MARG Group in 1994. Mr. Reddy has been the protagonist in the rapid growth of the Company, which has a project base of over Rs. 80,000 mn and is rapidly evolving into becoming the lead innovator in each vertical. Today, MARG is well-positioned to create top-notch environments for the ports and logistics space, commercial space, technology development space, leisure space (hotels and serviced apartments), industrial space (SEZs) and residential space, suitable for all lifestyles.

♦ **Portfolio:** MARG is investing in a robust divisional portfolio: infrastructure comprising ports, power, dredging operations; industrial clusters encompassing special economic zones (SEZs), industrial townships and desalination plants; real estate commercial spaces including IT parks, malls, serviced apartments, convention centres and golf courses as well as real estate residential projects comprising high-end apartments, budget apartments, integrated

townships, villas and beach houses.

♦ **Business model:** MARG's projects are delivered within budgeted schedules and costs. All projects are developed under respective special purpose companies (SPCs) or special purpose vehicles (SPVs), leading to a focused approach, stronger management control, superior leverage of a prudent capital structure and prospects of sharpening core competence.

♦ **Projects:** MARG is credited with the pioneering development of several residential and commercial complexes (including the first private IT park on the Old Mahabalipuram Road, Chennai's arterial hub). The Company completed residential and commercial real estate projects covering about a million sq. ft of space; it constructed nearly 96 MW of renewable as well as non-renewable power-generating infrastructure. Today, the Company is engaged in two large and prestigious projects – the Karaikal Port and MARG Swarnabhoomi light-engineering and multi-services SEZs – and possesses a large land bank of 2,000 acres (as on March 31, 2008).

♦ **Strategic alliances:** MARG entered into strategic alliances across specific projects and applications with globally reputed partners. The Company's alliance with Housing and Urban Development Corporation Limited helped create a joint venture called Signa Infrastructure India Limited to embark on infrastructure and urban development projects.

♦ **Intellectual capital:** MARG's professionals are 'visioneers' – visionaries with a pioneering spirit. The Company enjoys 3,933 person-years of experience across engineers (24%), MBAs (10.5%), law graduates (4%) and chartered accountants (4.5%), the rest comprising graduates, diploma

holders and others. The Company employed 334 individuals as on March 31, 2008.

♦ **Community service:** MARG's community development integrates skill enhancement with employment creation. The Company instituted initiatives like the 'Centre of Excellence for Infrastructure' at the Great Lakes Institute of Management (Chennai), seeking to balance India's socio-economic and cultural diversity with grass root realities to create an inclusive infrastructure. The Company also collaborated with the Confederation of Indian Industry (CII) to establish the 'Grassroots Level Skill

Our positioning

Development Initiative' to cater to talented youth from economically backward classes. It organised several interactive programmes to generate interest in the country's backbone sectors.

♦ **Listing:** MARG is listed on the Bombay Stock Exchange and the Madras Stock Exchange. An investment of Rs 10 made in 1995 would have appreciated to Rs 246.85 (excluding dividends) as on March 31, 2008. The Company's market capitalisation surged from Rs 2,390 mn as on March 31, 2007 to Rs 6,321 mn as on March 31, 2008. The Company's convertible bonds and GDRs are listed on the Luxembourg Stock Exchange.

Our financials, 2007-08

Total income MARG’s income from operations increased 96.71% to Rs 2,783.97 mn	EBIDTA MARG’s EBIDTA surged 96.52% to Rs 918.42 mn	Cash profit MARG’s cash profit strengthened 121.88% to Rs 706.20 mn	Post-tax profit MARG’s net profit jumped 125.46% to Rs 674.43 mn. Net profit margin improved 309 basis points to 24.23%
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More places in shorter spaces...

1994 -2005	2006	2007
<ul style="list-style-type: none"> Established as an infrastructure and realty developer Listed on the BSE by raising Rs 120 lakhs through an IPO Completed ‘Wescare Towers’ – built up area of 20,000 sq. ft in 110 days Completed ‘Sai Subhodaya’ project, 120 deluxe apartments, built up area of 2 lakh sq. ft Completed a software technology park for Slash Support Systems – built up area 25,000 sq. ft Completed Digital Zone I – first IT park on the OMR in Chennai, spread over 1.85 acres with a built up area of 2.4 lakh sq. ft. Leased to TATA Consultancy Services 	<ul style="list-style-type: none"> Bagged the prestigious Karaikal Port development concession from the Government of Puducherry on a built-operate-transfer (BOT) basis with an annual cargo-handling potential of over 30 mn tonnes Mobilised FCCBs worth US\$ 12.5 mn, listed on the Luxembourg Stock Exchange 	<ul style="list-style-type: none"> Issued GDRs worth US\$ 15 mn, listed on the Luxembourg Stock Exchange Completed MARG Square on the Old Mahabalipuram Road across 1.76 acres with a built up area of 2.06 lakh sq. ft. Leased to Satyam Computer Services Diversified into retail space development through the Riverside Mall and Business Hotel project in Karapakkam, Old Mahabalipuram Road, Chennai. Proposed built-up area of over 1.26 mn sq. ft Completed Digital Zone II across 1.8 acres, possessing a built-up area of 2.16 lakh sq. ft. Leased to Scope International Diversified business through the acquisition of MARG Cauvery, a cutter suction dredger, for onward deployment at the Karaikal port Gazetted light-engineering and multi-services SEZ under MARG Swarnabhoomi, spread across 613 acres in the Kancheepuram district on the East Coast Road

Earnings per share

MARG's EPS (basic) increased 10.85% to Rs 31.88

Book value

MARG's book value per share climbed 30.11% to Rs 121.62

Gross block

MARG's gross block increased 103.17% to Rs 1,193.99 mn. The return on gross block strengthened 558 basis points to 56.49%

Return on capital employed

MARG's ROCE (average) increased 159 basis points to 216.46%

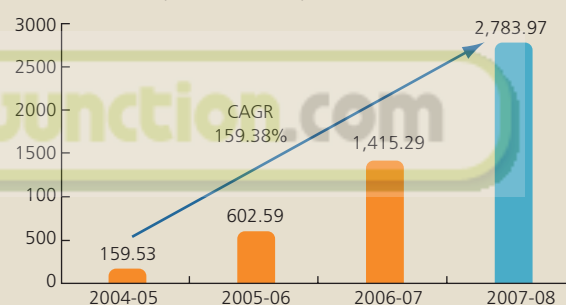
Dividend

MARG proposed a dividend of Rs 2 per share for 2007-08, maintaining the previous year's dividend of Rs 2 per share

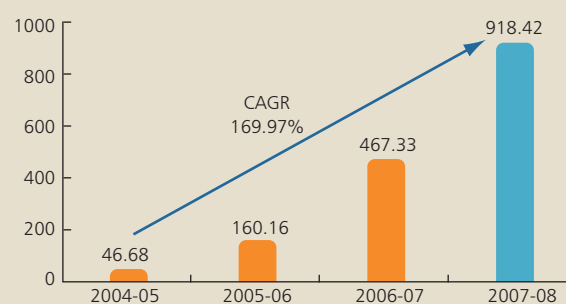
2008

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

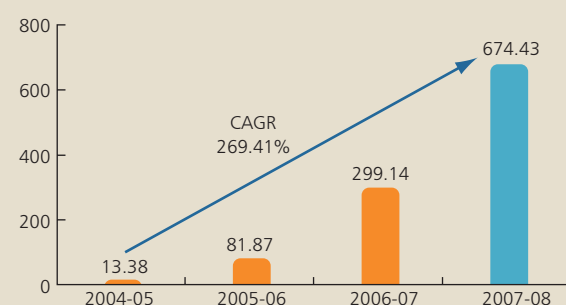
Total income (Rs in millions)



EBDITA (Rs in millions)



PAT (Rs in millions)



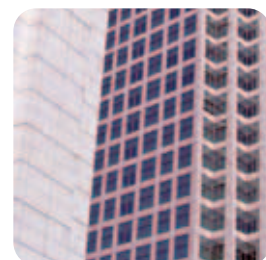
OUR MOST PRECIOUS REAL ESTATE SPACE IS SHELTERED IN THE MINDS OF OUR CUSTOMERS.

We are recalled with respect due to a spirit of trust.

The trust has been built on the foundation of a number of noteworthy achievements.

- ♦ We are pioneers in IT parks along the Old Mahabalipuram Road, having developed over 700,000 sq. ft of IT space in a span of three years
- ♦ Our clientele includes TATA Consultancy Services, Scope International and Satyam Computer Services, among others
- ♦ Federal Mogul Corporation, a US-based US\$ 6.9-bn auto component giant is entering the Indian auto space through MARG Swarnabhoomi SEZ
- ♦ We acquired a strategic land bank of over 2,000 acres without government intervention or people displacement
- ♦ Our globally reputed project designers include names like HOK (master planners, USA), Oakwood (world's largest shared accommodation services conglomerate), Vivek J. Bhole's Neo Modern Architects, besides others like Karche Associates

It is no surprise that our topline recorded a CAGR of 145.62% over a five-year period ending 2007-08, enabling us to emerge as one of the fastest growing infrastructure and realty companies in India.





Need
office
space?

MARG
is here.

Need
residential
space?

MARG,
of
course.

Need
transitory
living
space?

Consider
MARG.

Need
entertain-
ment
space?

Surely
MARG.

