



VALUE DELIVERED



ANNUAL REPORT 2008 - 09



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2008 - 2009 can well be termed as the year when everything dreamed up turned the corner at **MARG**. The company had already made its mark, pushing boundaries in the realty market and this year it showed it could deliver just as well in the area of infrastructure development. While the world economy yo-yoed, **MARG** could go forward because of a visionary creation in its structure - backing each and every vertical is the company's in-house Engineering, Procurement and Construction horizontal, the doer to the dreamer in every vertical! This helps **MARG** bring key elements like cost, material and innovation within its own ambit, side step some industry slumps and cocoon every idea in house to help it chrysalis.



OUR DRIVERS

The following are the cornerstones upon which MARG has built its now formidable reputation of delivering innovative, technically superior and high quality solutions in the areas of realty and infrastructure.

Vision

MARG's vision is truly a 360 degree one, which takes into account not just macro ideas that move a nation forward but also micro ones that deal with the common man's dreams. Thereby, MARG's vision goes beyond just building environments, it involves: **Creating Landmarks. Building Values.**

Mission

To maximise value for stakeholders through incisive yet complex set of operations that enable MARG to deliver world class environments, across realty and infrastructure verticals, which meet the growth plans

of a nation as a whole as well as the small individual plans of the people, with professionalism and social consciousness.

The Business Objective

To create a business operative system that through innovation, strategy and a comprehensive delivering capability, enables MARG to operate in a 'Blue Ocean' environment identified by minimum competition and maximum value for money products.

The Quality Policy

To ensure MARG's projects deliver, without compromise, on the fronts of time, quality and cost. This, the company believes can arise only from unflinching reliance on expertise, experience, incessant innovation and 100% social responsibility.

FORWARD TO THE PAST

The building blocks behind the forward momentum achieved in the year 2008 – 2009

The Portfolio

MARG's careful investment in an eclectic mix of portfolio is in fact the underlying reason for its steady growth. The infrastructure verticals comprise of Industrial Clusters, EPC, Ports, Power and Airports. The realty verticals encompass industrial clusters in Special Economic Zones (SEZ), real estate – commercial spaces, which include Malls, IT Parks, serviced apartments and golf courses and real estate – residential living spaces which comprise premium homes, apartments for the vast Indian middle class, integrated townships and budget apartments. These verticals are lent great delivery power by MARG's Foundation India, its EPC vertical which is now all set to offer its expertise in the competitive market.

The MARG Movement - History To History Making

MARG Limited was incorporated in 1994 by a visionary and a businessman par excellence, Mr.GRK Reddy. What began as an enterprise to create groundbreaking real estate projects swiftly turned into a company that engaged the nation in infrastructure projects as well.

The company's Karaikal Port has completed its first phase and has welcomed its first ship. A large bank of land of about 2000 acres (as on 31st March 2008) possessed gives MARG the power to dream on.

THE YEAR OF FRUITION

In a year marked by tumultuous shifts in the economy, MARG was able to surf the upheavals because of two simple protocols it built into its DNA of operations;

1. Strategise, strategise and then, re-strategise!
2. Try hardest to ensure the projects engage with the people at multi-levels and on multi-dimensions. These two ideals have ensured the company looks at every project from every angle and have steered MARG into pioneering spaces that deliver to a vast cross section of people. This not just widens the usage base of each project but creates a spiral of business activity with the capability of reenergizing an entire area. And their economies! Today, almost all its projects have reached beyond their ambit and are in fact the epicentre of a whirlwind of economic activity.

Thus from starting off as creator of environments, MARG is well into the creation of wealth, not just to its stakeholders but to the region as a whole. As MARG boldly goes forth, one can already see the value delivered even as the company moves from step to step, successfully.

Marine Infrastructure

MARG Karaikal Port was envisaged as a deep water port capable of handling diverse cargo and Phase I was completed in April 2009.

Value Delivered

In the phase I itself the port has used great innovation to create a channel to smoothly bring in Panamax vessels (max load 80,000 tonnes). MARG's engagement with the people in the area has been sensitive and proactive. MARG sponsored the upgradation of numerous bus shelters in Karaikal, which required a facelift and refurbishing. The bus shelter is at a vantage position and of great use to the people. With the successful emergence of the port, many industries are now looking to setup shop in Karaikal. The economic spiral is now in place.

EPC

The Engineering, Procurement and Construction (EPC) has for the past 14 years been the delivering arm of MARG. Today it has become a vertical called MARG Foundation India.

Value Delivered

EPC has been behind the building of roads, highways and power plants by using the latest technology. It will now offer its expertise in dredging to the open market.

Industrial Clusters

MARG Swarnabhoomi is a new era city – a sprawling area where work spaces and homes are integrated – a place where you can walk to work!

Value Delivered

Before anything, a 100 feet wide road was laid using the latest technology, in just 2 months. An international school, BVM Global is already functional and the grounds for a world class music school - Swarnabhoomi Academy of Music is in place. A comprehensive rain water harvesting plan has been put into motion to address water needs.

Real Estate Commercial

The powerhouse has visionary projects going for it.

Value Delivered

A three way road is already up. MARG Junction a first of its kind hypermall, has been re - looked in a category revolutionising way. Discussions are underway with some of the world's most renowned names for the management of the multiplex and games arcade.

Real Estate Residential

MARG ProperTies - the real estate residential arm is putting its expertise behind a field that has delivered till now – middle class and small town housing.

Value Delivered

The idea to decongest large cities and create new communities and new cities with quality healthcare, education and lifestyle.

OUR FINANCIALS, 2008-2009

Total income

MARG's income from operations increased 66.36% to Rs 4631.7 mn.

Dividend

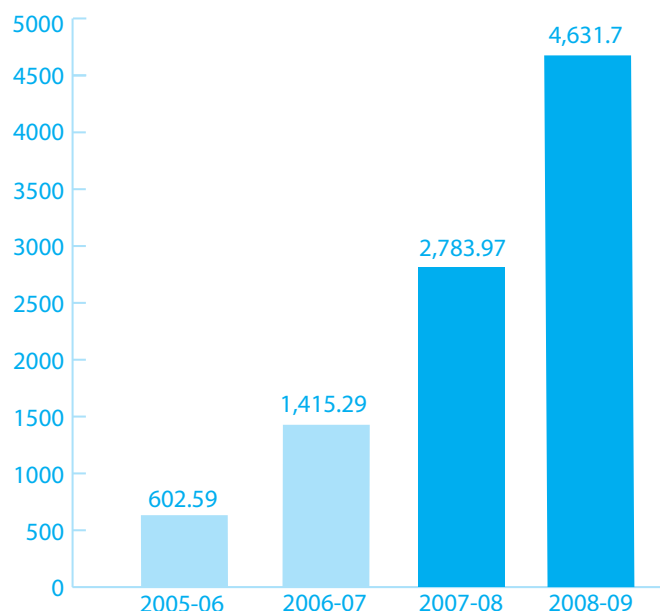
MARG proposed a dividend of Rs 2 per share for 2008- 09, maintaining the previous year's dividend of Rs 2 per share.

More places in shorter spaces.....



- 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 tones.
- Mobilised FCCBs worth US\$ 12.5 mn, listed on the Luxembourg Stock Exchange.
- 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.
- Divisified into retail space development through MARG Junction and the 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 2.6 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.

Total income (Rs in millions)



2008

- Total income of 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.

2009

- Total income of Rs.4,631.70 mn for 2008 - 09.
- MARG has a net worth of Rs.3,450 mn and projects worth about Rs.80,000 mn under execution.
- Commissioned the 'MARG Karaikal Port' on 15th April, 2009.
- Awarded the concession of the Bijapur Airport.
- Launched Pushpadruma, housing 466 Upscale apartments on OMR.
- Launched Vishwashakthi, Tirupati's first integrated township.
- Project Management Consultant for the construction of the new campus for The Great Lakes Institute of Management.

CHAIRMAN'S MESSAGE

“Any organisation whose very fabric of existence is based on the concept of ‘inclusion rather than exclusion’; its value over a period of time, will only appreciate and never depreciate.”



Dear fellow shareholders,

This year is a kind of watershed for MARG. What started off as a mere glint in the eyes of our people, four years ago, has become a reality. Strategising to a plan and then re-strategising with the economic downturn has enabled us to be on track. In very simple terms all the assets we invested in the last few years are becoming productive and income generating. But what sets us apart, is the fact that from the very beginning mere income generation was never our motive, there has always been a larger purpose of being. We believe the income generation should in turn grow talent which should in turn drive growth in multi directions. Our focus is on regional development, and this is why our key projects are designed to eventually become trigger points of economic development for a population of more than ½ a million each!

The dawn of the 21st century saw the country blossoming as a world player in economic growth. Peculiarly though, the infrastructure industry had not caught on. MARG found that it could play a key role here. Thus from delivering key realty projects that serve individuals, your company embarked on infrastructure projects that would, in the next few years, redefine development for the nation as a whole. The port we're building at Karaikal, the airport at Bijapur, the roads & bridges in Tamil Nadu and the power projects that are on the anvil, will each push the respective region towards solid economic growth.

Today, there is a consensus in both public and private sector that India needs to ramp up its infrastructure to sustain the 9% growth rate in the future. There is an understanding that private sector in India is capable of participating in building Roads, Power projects, Ports and Airports for Urban and Rural Infrastructure. We can expect significant financial outlays and tremendous levels of construction

activity in these sectors in the near future. Armed with the expertise gained in building and running a Port, building power plants, bridges, residences, malls and developing integrated townships, your company is well positioned to contribute to the Engineering and Construction needs of the country. This will help MARG scale new heights in building stakeholder value in the coming years.

At MARG we believe a region's economic and social transformation starts with the 'land'. We identified land that is away from the large metros yet not very far away, land which has little value today. And then we bring our expertise to turn these land parcels into zones of economic activity. These, we believe will soon have the potential to turn into micro economies and empower a cross section of people. They will turn into "micro magnets" that will attract talent and stall the flood of people going to big metro cities for economic pursuits. The 'brain train' will power the development and eventually will become golden grounds of opportunity for not just everyone in India, but even NRIs and expats to do business in. MARG will be a catalyst in transforming small town India.

In India there is an estimated shortage of more than 24 million dwelling units, mostly in the middle and low income segments. The dream of the average middle class Indian family is to own a home. We aim to fulfill their dreams to own a house, by designing appropriate products at affordable prices to satisfy this demand. MARG's projects are set to

deliver holistic well being – employment, education, clean utilities, better living conditions, economical transportation, better savings - every aspect of living will get redefined. Yes, MARG's projects have the power to bring in a new economic order to India (and perhaps show the world a thing or two).

Helping MARG achieve all this is our brilliant pool of talent. MARG has always been able to identify, attract and nurture achievers. Our HR policies are people sensitive. We thrive on 'innovations' and encourage 'out of the box' thinking. Our people take us places...

The inspiration for MARG however, comes from this soil, India. A country where everyone shares, where society and family matter more than just individuals, where the focus has always been on 'we' and not 'I'. In our journey we have always been rooted to our fundamentals – ethics, honesty and transparency.

MARG is all set to deliver to India by not just setting values but redefining them and then delivering them, sharply and concisely. Our big story is centered on our nation's development and lesser issues like economic downturns become irrelevant.

Sincerely,

GRK Reddy

Chairman and Managing Director.



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