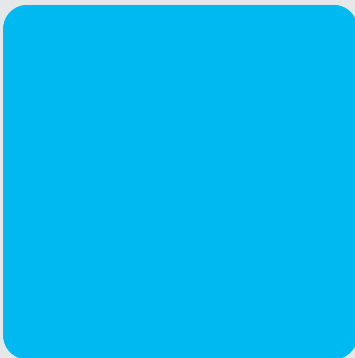


STRONG FOUNDATION. PROMISING FUTURE.



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Corporate Information

Chairman & Managing Director

Mr. G R K Reddy

Directors

Mrs. V P Rajini Reddy

Mr. Arun Kumar Gurtu

Mr. Karanjit Singh Jasuja

Company Secretary

Mr. Rabindra Kumar Samal

Auditors

M/s. K Ramkumar & Co.,

Chartered Accountants,

A-1, 7th Floor, Tower III, Sakthi Towers,

766, Anna Salai, Chennai – 600 002

Registered Office

'MARG Axis', 4/318, Rajiv Gandhi Salai, Kottivakkam,
Chennai – 600 041

Corporate Office

Anjali Towers, 392 & 393, Rajiv Gandhi Salai,
Kottivakkam, Chennai – 600 041

Website

www.marggroup.com

Stock Exchanges

Where the Company's shares are listed:

i) Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai 400 001

ii) Madras Stock Exchange Limited

Exchange Building, 30, Second Line Beach Road,
Chennai 600 001

Registrar & Share Transfer Agent

M/s. Cameo Corporate Services Limited

Subramanian Building, No. 1 Club House Road,
Chennai – 600 002



Directors' Report

To
The Members of
MARG Limited

Your Directors are presenting the 18th Annual Report together with the Audited Accounts for the financial year ended 31st March 2013.

1. FINANCIAL RESULTS:

(₹ in Crores)

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Income from Operations	761.54	1,501.09
Non-Operating Income	72.00	78.91
Total Income	833.54	1,580.00
Profit before Depreciation, Finance Cost and Tax Expense (EBDIT)	40.66	214.64
Depreciation	11.58	12.34
Interest & Finance Charges	89.11	39.69
Profit/(Loss) before Tax	(60.03)	162.61
Tax Expense	(24.00)	52.12
Profit/(Loss) after Tax	(36.03)	110.49
Balance in Profit & Loss Account	341.92	231.43
Amount available for Appropriation	305.89	341.92
Dividend	Nil	Nil
Dividend Tax	Nil	Nil
Amount transferred to General Reserve	Nil	Nil
Balance in Profit and Loss Account	305.89	341.92

During the Financial Year 2012-13, total revenue of the Company stands at ₹ 833.54 Crores as against ₹ 1,580.00 Crores in the previous year. The EBDIT is ₹ 40.66 Crores, compared to previous year of ₹ 214.64 Crores. The Company incurred a loss before tax of ₹ 60.03 Crores and a net loss of ₹ 36.03 Crores during the financial year ended March 31, 2013 as compared to a profit before tax of ₹ 162.61 Crores and a net profit of ₹ 110.49 Crores in the previous year. This is primarily due to economic slowdown, depressed markets, increase in interest costs and cost of raw materials.



2. DIVIDEND

Due to losses incurred by the Company, your Directors have not recommended any dividend for the financial year ended March 31, 2013.

3. BUSINESS HIGHLIGHTS 2012-13

- A. MARG** Revenue Stands at ₹762 Crores in FY12-13, including EPC revenue of ₹748 Crores, with Current order book at around ₹3,800 Crores.
- B. Karaikal Port Private Limited (KPPL)**, a subsidiary of your Company has successfully handled 6.61 MMT of multi-cargo in FY12-13 and reported a top line of ₹277 Crores and EBITDA ₹133 Crores. The Port has handled 19MMT of Cargo since its commencement.
- C. MARG Swarnabhoomi** has sold 402 apartments (0.4 million sqft) with sale value of ₹74 Crores during FY12-13, taking cumulative sale booking to 2042 apartments (2.02 million sqft) with sale value of ₹341 Crores.
- D. MARG ProperTies Limited**, the real estate arm of MARG has sold 369 units (0.4 million sq ft) in FY12-13, with sale value of ₹132 Crores, taking cumulative sale booking to 1966 apartments (2.12 million sqft) with sale value of ₹552 Crores.

4. AWARDS & RECOGNITIONS

The Company has received the following awards and recognitions in the FY12-13:

- * "MMA Award for Managerial Excellence 2012" at the 56th MMA Annual General Meeting held on 6th July 2012, Chennai.
- * MARG Parivarthan's "Knowledge Connectivity for Rural Empowerment" project was adjudged as the "Best Community Program" at the Responsible Business Summit held at Mumbai
- * MARG Karaikal Port Chosen as the 'Innovative Port of the Year' at South East CEO Conclave & Awards, 2012
- * Two awards at 'Construction Week Awards 2012' at Mumbai
 - Excellence in CSR (Winner)
 - Infrastructure Company of the year (Runner up)
- * MARG bagged a double at CIDC Vishwakarma Awards 2013: G R K Reddy, CMD – MARG Group chosen as 'Industry Doyen' & MARG Ltd, as 'Best Professionally Managed Company'

5. DIRECTORS

Mr. Karanjit Singh Jasuja, Director retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. G Raghava Reddy, Promoter Director and Mr. Saibaba Vutukuri, Independent Director, have resigned from the Directorship of the Company w.e.f. 20th July 2012. The Board placed on record its appreciation for the services provided by them during the tenure as Directors of the Company.

6. AUDITORS

M/s. K Ramkumar & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received their consent under Section 224 (1B) to the effect that their re-appointment if made, would be within the prescribed limits under Sec.224 (1B) of the Companies Act, 1956.

7. COST ACCOUNTING RECORD

During the FY12-13, your Company has maintained cost accounting records in accordance with the provisions of Companies (Cost Accounting Record) Rules, 2011. The Company shall file the Compliance Report as certified by the Cost Accountant for the FY12-13 with Central Government as prescribed under Companies (Cost Accounting Record) Rules, 2011, in due course.

8. SUBSIDIARY COMPANIES

STATUS

Your Company has total of 58 Subsidiaries as on 31st March 2013, out of which 5 Non Wholly-Owned Companies and 53 Wholly-Owned Companies, including 25 Step-down Subsidiaries.

Pursuant to the Government of India's General Circular No: 2 /2011 (No: 51/12/2007-CL-III) dated 8th February, 2011 issued by Ministry of Corporate Affairs, the Company has been exempted from attaching the accounts and other information of subsidiaries as required under Section 212 (1) of the Companies Act, 1956. However, a statement is attached to Consolidated Balance Sheet providing the stipulated financial information for each subsidiary. As per the conditions of the above Circular, the same forms part of the annual accounts of the Company.



The Consolidated Financial Statements duly audited are presented along with the Accounts of your Company in this Report. The annual accounts of subsidiary companies are kept at the Company's Registered Office and also at the respective registered offices of the subsidiaries and shall be made available for inspection to the members/ investors of the Company/any subsidiary, seeking such information at any point of time.

9. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements under Clause 49 of Listing Agreement. The Corporate Governance Report approved by the Board of Directors of the Company, forms part of this report and a certificate from the auditors of the Company is set out in the Annexure to this Report.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, forms part of this annual report is provided in a separate section as stipulated under Clause 49 of Listing Agreement.

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

Your Company has taken adequate measures to conserve energy and the Company believes that productivity from all its workforces can be achieved with interface of latest technology.

Your Company is not an industrial undertaking in terms of Section 217(1)(e) of the Companies Act, 1956 read along with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and hence, particulars regarding conservation of energy, technology absorption and adaptation are not applicable and hence the same are not provided.

The information on Foreign Exchange Earnings and Outgo is contained in the Note 40 to the Notes on Account. A separate statement is also attached as Annexure I to this Report.

12. PARTICULARS OF EMPLOYEES U/S 217(2A)

Particulars of employees of the Company, who were in receipt of remuneration, which in aggregate exceeds the limit fixed under Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this Directors Report. However, as per the provisions of Sec.

219 (i) (b) (iv) of the Companies Act, 1956, the Annual Report and accounts excluding the aforesaid information are being sent to the shareholders of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company for the same.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, Your Directors confirm that;

- i) In the preparation of the Annual Accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed and there were no material departures;
- ii) They 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 at the end of the financial year and of the profit or loss account of the Company for the year under review;
- iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) They have prepared the Annual Accounts for the financial year ended 31st March 2013 on a "going concern basis".

14. EXPLANATION TO THE OBSERVATIONS MADE IN AUDITORS' REPORT

The Directors submit their explanation to the Observations made by the Auditors in their report for the FY12-13. The relevant Paragraphs of the report and reply are as under:

- **Refer paragraph No. 4 under the heading 'Opinion' of the Standalone Auditors' report:** The Company has adequate resources and construction equipments and manpower to execute the projects in hand. The Management is confident that the company will be able to generate profit in future years and meet its financial obligations as they arise. Besides, the note 43 of the Accounts is self explanatory.
- **Refer point 9(a) of Annexure to Standalone Auditors' report:** The delay in the payment of Provident fund, Employee's State Insurance, Income Tax, Wealth Tax, Custom Duty, Cess, Sales Tax, Service Tax and other material statutory dues were due to lower cash inflows from the existing projects and the company is arranging to make the payments shortly.



- **Refer point 11 of Annexure to Standalone Auditors' report:** Due to slow down in the Infrastructure and Real estate sector and the resultant impact on the performance of your Company there were defaults in repayments of principle and interest dues to the Banks and Financial Institutions. However, the management opines that with improved business scenario, your Company will be able to meet its obligation.
- Refer to the paragraph No.6 & 7 of the Consolidated Auditors' Report on Consolidated Financial Statements relating to subsidiary Companies. In respect of M/s Mukta Infrastructure Private Limited, the respective company is of opinion that price of Land shall appreciate in future and hence no provision for impairment loss is made. In respect of M/s. Arohi Infrastructure Private Limited, the subscriber has not exercised the put option during the FY 2012-13, hence the respective company has not provided any premium on redemption during the FY 2012-13.

15. FIXED DEPOSITS

During the year under review, your Company has not invited or accepted fixed deposits from the public.

16. EMPLOYEE STOCK OPTION SCHEME

Your Company has implemented Employee Stock Option Scheme for the benefit of the employees of the Company and its Subsidiaries, and is being governed by the Compensation Committee of the Board of Directors. During the FY12-13, the Company has not granted any option under the Employee Stock Option Scheme. Further, no employee has exercised any option during the year.

The Disclosures required to be made under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is given as Annexure II to this report.

17. JOINT VENTURE

Your Company has following major joint venture companies:

- M/s. Future Parking Private Limited (in which MARG holds 51% of paid-up share capital), is a joint venture with M/s. Apollo Hospitals Enterprise Limited for the development of Multi Level Car Parking (MLCP) at Wallace Garden, Chennai on BOT basis, with a provision of right for development of commercial complex along with the MLCP facility for the entire BOT period.
- Signa Infrastructure India Limited (in which MARG holds 74% of paid –up share capital), is a joint venture with M/s. Housing and Urban Development Corporation Limited (HUDCO) for Techno-Financial collaboration.
- M/s. Rajakamangalam Thurai Fishing Harbour Private Limited (in which MARG holds 39% of paid-up share capital), is into joint venture with M/s. Rajakamangalam Thurai Development Trust to develop a fishing Harbour at Rajakamangalam Thurai in Kanyakumari District of Tamil Nadu.

18. CORPORATE SOCIAL RESPONSIBILITY – APPROACH TOWARDS SOCIETY

MARG PARIVARTHAN 2012 -13

Introduction

MARG has been making steady progress in the field of CSR and Societal interventions. During the reporting year, MARG has made significant progress in various fields such as health, education, women empowerment and welfare measures for the communities in and around our operational areas.

EDUCATION:

At MARG Swarnabhoomi, the company endeavors to make a positive contribution to the underprivileged people by supporting a wide range of educational and socio-economic initiatives. Community projects and programs are driven by active participation of MARG employees at the respective project sites.

MARG has supported an upgraded Govt High School by meeting the cost of salaries to PTA teachers. Govt has sanctioned only 3 teachers and MARG is supporting 5 additional teachers to handle subjects like English, Social Science, Life Skills, Environment Science and Office Admin.

MARG trained 60 children from Poonjeri village near Swarnabhoomi in Hindi and running evening study centres in villages around MARG Swarnabhoomi & Karaikal Port. This personalized coaching through well trained teachers caters to 250 children in 6 villages and School shuttle service is providing hassle free trips to 250 children. This service helps children to reach school on time as well as conserve energy for studies.

HEALTH:

MARG Parivarthan's efforts towards improving healthcare and its delivery systems enabled rural poor access to quality health services. Periodic health camps were conducted by doctors in collaboration with reputed hospitals. Rural health standards (especially among women) were improved through Karaikal Port's village health centres which provided free consultation and medicines through qualified doctors and para-medical staff. The First aid centre at MARG Swarnabhoomi helps people in and around the vicinity to reach out to emergency medical treatment. Pulse Polio Immunization camps have been arranged whenever the Govt announces.



WOMEN EMPOWERMENT:

Basic courses in Beautician and Tailoring Classes, Mehendi Course and Candle Making have been organized in collaboration with Jana Shikshan Shansthan, Kanchipuram. A total of 80 women were trained and successfully completed the course and received certificates issued by the Government. Seven Days Nutrition Preservation course has been organized for Kuvathur youth during their half yearly exam in co-ordination with Food & Nutrition Department, Govt of India. A self help group for women from Cheyur has received loan from Canara Bank for preparing Pickles, Jam and selling them to local shops.

Karaikal Port has been assisting women from the neighborhood villages by organizing them into Self Help Groups (SHG) and supports them in their endeavour towards self reliance. Over 100 women formed into 5 groups have taken up special training in SHG management and have been involved in small economic ventures like installation of coffee kiosks & photocopy shops inside the Port premises that generates supplementary income for their families.

INFRASTRUCTURE SUPPORT:

As part of Integrated Village Development Program (IVDP), total sanitation initiative was started at Keezhavanjore village near Karaikal Port. Through this initiative, so far constructions of 125 individual toilets have been completed. Madyambakam Road was constructed from Madhuban to Madyambakam for 700 meters and loan amount of ₹9 lakhs was given to Block Development Office for Road construction.

Ground leveling was done at ECR entrance for a Church and 7 huts, which met a fire accident at Kodur village. A Shed has also been built for Madyambakam Orphanage. Street lights and Motor well pumps have been provided to Seeknakuppam, Madyambakam and Kodur panchayat. Further 180 Street Lights to 3 Panchayats, 2 Motor Pumps to Madayambakam, 1 for Seeknakupam and 1 for Kodur Panchayat were provided.

RELIEF AND REHABILITATION:

The Company has always been informed and cautious during Cyclone and other natural calamities. During Cyclone, we have distributed food parcels and water to victims of Neelam and Thanne and have also supported 17 families during fire accident at Kodur village.

STRATEGIC PARTNERSHIP FOR COMMUNITY DEVELOPMENT:

“Knowledge Connectivity for providing Integrated Agricultural and Micro-Enterprises Advisories” is a joint initiative by MARG

Karaikal Port & MSSRF (MS Swaminathan Research Foundation) that aims at benefiting farmers, fisherfolk & women SHGs in Karaikal & Nagapattinam districts. The project provides need based locale-specific, demand-driven dynamic information to 20,000 farmers, fisherfolk & SHG women covering 32 villages in Karaikal & Nagapattinam districts. Since the launch of the project in November 2011, target population receives two audio advisories related to their livelihood on a daily basis. A help line set up at project office serves to provide more information and to clarify doubts to the audience based on the audio advisories. Phone-in programmes are being organized with subject experts to obtain further information, clarification and guidance. Based on the results of the need assessment study, awareness & training programmes are being conducted at village levels. In addition to this, a fortnight magazine “Namma Ooru Seithigal” that carries relevant information pertaining to their occupation & region were distributed.

Pilot Project on Rural Development - Veerabogam Panchayat, Lathur Block, Kancheepuram District

The project launched in January 2013, as a Pilot Project to Develop Veerabogam as a model Panchayat will be for a period of 15 months and is based on the concept of ‘Village Self-Governance’. The project aims to harness and synergize the key stake holders - Grampanchayat, farmers, women SHGs & youth for their own development. MARG has been playing the role of a facilitator to employ locally available knowledge, skills & resources optimally with stakeholders’ participation in the whole process thus converging the Government schemes & bank linkages. Krishi Vigyan Kendra as a resource partner has conducted several need based trainings in Agriculture, Micro-Small Enterprises and Environment that promotes sustainable livelihood activities.

19. EMPLOYEE RELATIONS

The Directors place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company at all levels to meet the company’s objectives. The employee relations at all projects and other locations continues to be cordial.

20. BUILDING A STRONG CUSTOMER CONNECT

Customer intimacy is one of your Company’s strategic priorities to reach its ambition of being the leading reference in Infrastructure and Real Estate.

**ACKNOWLEDGEMENT**

The Directors wish to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors, Employees and members during the year under review.

For and on behalf of the Board of Directors

G R K Reddy
Chairman & Managing Director

Place: Chennai
Date: 30th May, 2013

ANNEXURE TO THE DIRECTORS' REPORT**Annexure I****Activity in:-Foreign Currency Transactions****Expenditure:-**

(₹ in Crores)

Particulars		2012-13	2011-12
a	Value of Imports Calculated on CIF Basis		
	i.Components,Embedded goods and spare-parts	2.33	0.76
	ii. Capital goods	-	-
b	Expenditure in Foreign Currencies		
	i.Travelling Expenses	0.06	0.05
	ii.Technical /Professional & Conference Expenses	-	1.19
	iii. Hire Charges	22.09	40.29
	Total	24.48	42.29

Income:-

(₹ in Crores)

Particulars		2012-13	2011-12
a	Income in foreign currencies		
	Dividend from Subsidiary	-	-
	Total	-	-

For and on behalf of the Board of Directors

G R K Reddy
Chairman & Managing Director

Place: Chennai
Date: 30th May, 2013



Annexure - II

ESOP Scheme 2006, pursuant to Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

SL. No.	Description
A	Options granted: During the year no options have been granted
B	Pricing formula: Options granted to Eligible Employees under this Scheme carry an Exercise Price at a discount of 20% - 50% to the Market price of the shares determined with respect to the date of Grant.
C	Options vested (including lapsed after vesting): 72,821
D	Options exercised: 107,278
E	Total number of Ordinary Shares arising as a result of exercise of Options: 107,278
F	Options lapsed: 307,086
G	Variation of terms of Options: Nil
H	Money realized by exercise of Options: ₹ 9,587,550 (During the year no money realized by exercise of Option)
I	Total number of Options in force: 72,821
J	Details of Options granted to a) Senior Management Personnel : Nil b) Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year: Nil c) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil
K	Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on Exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share': ₹(9.45)
L	i) Method of calculation of employee compensation cost: Intrinsic Value ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options: If the Company had used fair value of options, the calculation of employee cost would have increased by ₹(0.11) crores.

SL. No.	Description
	iii) The impact of this difference on Profits and on EPS of the Company (on standalone financial statements): The effect of adopting the fair value method on the net income and earnings per share is presented below:
	(₹ In Crores)
	Net Income/(Loss) as reported (36.03)
	Add: Intrinsic Value Compensation Cost (0.25)
	Less: Fair Value Compensation Cost (Black Scholes Model) (0.36)
	Adjusted Net Income/(Loss) (35.92)
	Earning per share
	Basic (₹)
	Diluted (₹)
	As reported (9.45) (9.45)
	As adjusted (9.42) (9.42)
M	Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price is less than the market price of the shares: NA
N	A description of the method and significant assumption used during the year to estimate the fair values of Options: The fair value of each options estimated using the Black Scholes Options Pricing Model for non-dividend paying stock after applying the following key assumptions (weighted values for options granted during the year)
	i) Risk free interest rate NA
	ii) Expected life NA
	iii) Expected volatility NA
	iv) Expected dividend NA
	v) The price of the underlying shares in market at the time of option grant NA

For and on Behalf of the Board of Directors

G R K Reddy
Chairman & Managing Director

Place: Chennai
Date: 30th May, 2013