



MARG LIMITED **ANNUAL REPORT** 2013-2014



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Corporate Information

Chairman & Managing Director

Mr. G R K Reddy

Directors

Mrs. V P Rajini Reddy

Mr. Karanjit Singh Jasuja

Mr. Bahushrut Lugani

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 19th Annual Report together with the Audited Accounts for the financial year ended 31st March 2014.

1. FINANCIAL RESULTS:

(₹ in Crores)

Particulars	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
Income from operations	304.66	761.54
Non-operating Income	4.17	72.00
Total Income	308.83	833.54
Profit/(Loss) before Depreciation, Finance Cost and Tax Expense (EBDIT)	(51.18)	40.66
Depreciation	11.42	11.58
Interest & Finance charges	171.91	89.11
Profit/(Loss) before tax	(234.51)	(60.03)
Tax Expense	29.29	(24.00)
Profit/(Loss) after tax	(263.80)	(36.03)
Balance in Profit & Loss Account	305.89	341.92
Amount available for appropriation	42.09	305.89
Dividend	Nil	Nil
Dividend Tax	Nil	Nil
Amount transferred to General Reserve	Nil	Nil
Balance in Profit and Loss Account	42.09	305.89

During the Financial Year 2013-14, total revenue of the Company stands at ₹ 308.83 Crores as against ₹ 833.54 Crores in the previous year. The EBDIT is ₹ (51.18) Crores, compared to previous year of ₹ 40.66 Crores. The Company incurred a loss before tax of ₹ 234.51 Crores and a net loss of ₹ 263.80 Crores during the financial year ended March 31, 2014 as compared to a loss before tax of ₹ 60.03 Crores and a net loss of ₹ 36.03 Crores in the previous year. This is primarily due to economic slowdown, depressed market condition and increase in borrowing and raw material cost.



2. DIVIDEND

Due to losses incurred by the Company, your Directors have not recommended any dividend for the financial year ended March 31, 2014.

3. BUSINESS HIGHLIGHTS 2013-14

- A. MARG Revenue Stands at ₹ 308.83 Crores in FY13-14 and EPC Current order book at around ₹ 2,795.08 Crores.
- B. Karaikal Port Private Limited (KPPL), a subsidiary of your Company has successfully handled 6.23 MMT of cargo in FY13-14 and reported a top line of ₹ 262 Crores and EBITDA ₹ 113 Crores.

4. DIRECTORS

Mrs. V P Rajini Reddy, Director retires by rotation and being eligible offers herself for re-appointment at the ensuing Annual General Meeting.

Mr. Arun Kumar Gurtu, Independent Director, passed away on 22nd November 2013. The Board pays tribute and condolence to the bereaved family and places on record its appreciation for the services provided by him during the tenure as Director of the Company.

Pursuant to Section 161(1) of the Companies Act, 2013 and Articles of Association of the company, Mr. Bahushrut Lugani who was appointed as an Additional Director (Non Executive – Independent) of the company w.e.f 26.05.2014 and who holds office upto the ensuing Annual General Meeting and in respect of whom the company has received requisite notice under section 160 of Companies Act 2013 in writing from a member proposing Mr. Bahushrut Lugani as director of the company be and is hereby appointed as independent director of the company to hold office for period of 5 years.

As per Section 149(10) of the Companies Act, 2013 the Independent Director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment by passing of special resolution in the company and disclosure of such appointment shall be made in the Board's report. However they shall not be considered for director liable to retire by rotation.

Further as Section 149(11) of the Companies Act, 2013 no Independent Director shall be eligible to hold office for more than two consecutive terms of five years.

5. AUDITORS

M/s. K Ramkumar & Co., Chartered Accountants, Statutory Auditors of the Company retires at the ensuing Annual General Meeting and offer themselves for re-appointment from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. The Company has received their Consent Letter to the effect that their re-appointment if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013.

6. COST ACCOUNTING RECORD

During the FY13-14, 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 FY13-14 with Central Government as prescribed under Companies (Cost Accounting Record) Rules, 2011, in due course.

7. SUBSIDIARY COMPANIES STATUS

Your Company has total of 58 Subsidiaries as on 31st March 2014, 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 in 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.



8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Company has, during the year under review, transferred a sum of ₹ 478,226/- to Investor Education and Protection Fund, in compliance with the provisions of erstwhile Section 205C of the Companies Act, 1956. The said amount represents dividend for the financial year 2006-07 which remained unclaimed by the members of the Company for a period exceeding 7 years from its due date of payment.

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 44 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 2014, the applicable accounting standards has 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 2014 on a "going concern basis".

14. EXPLANATION TO THE OBSERVATIONS MADE IN AUDITOR REPORT

The Directors submit their explanation to the Observation made by the Auditors in their report for the FY13-14. The relevant Para nos. of the report and reply are as under:

Refer Paragraph (Basis of Qualified Opinion) of the Auditors' Report on Consolidated Financial Statements:



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 debenture holder has not exercised the put option during the FY 2013-14, hence the respective company has not provided any premium on redemption during the FY 2013-14.

In respect of M/s. Riverside Infrastructure (India) Private Limited, the management is taking efforts for resuming the Mall project and is in discussion with strategic partners for this purpose. Further, considering the latest valuation of the property of the company, the management considers it appropriate to capitalise the interest of ₹ 41.84 Crores and overheads of ₹ 3.32 Crores during the year ended 31-Mar-2014. Note No.38 of the consolidated financial statements is self explanatory.

In respect of M/s. Marg Logistics Private Limited, the subsidiary had availed equipment loan and there is an unreconciled amount of ₹ 0.60 crores. The reconciliation of the loan account is under process. Pending such reconciliation the management considers it appropriate to classify the same under "other advances" in the Balance Sheet as on 31-Mar-2014. Note No.40 of the consolidated financial statements is self explanatory.

Refer Emphasis of Matter of the Auditors' Report on Consolidated Financial Statements.

a) In respect of the investments in and advances receivable due from some of its subsidiaries reference is drawn to note 32 which is self explanatory.

b) In respect of preparing financial statements on 'Going concern' basis reference is drawn to note 33 which is self explanatory.

c) In respect of property of the subsidiary companies provided security for various loans reference is drawn to note 34 which is self explanatory.

d) In respect of property of the subsidiary companies provided security for various loans reference is drawn to note 35 which is self explanatory.

e) In respect of deductions made/amount withheld by some customers reference is drawn to note 39 which is self explanatory.

f) In respect of Status change of Subsidiaries reference is drawn to note 41 which is self explanatory.

Refer Emphasis of Matter of the Auditors' Report on Standalone Financial Statements.

a) In respect of preparation of financial statements on 'Going Concern' basis reference is drawn to note 29 which is self explanatory.

b) In respect of the investments in and advances receivable due from some of its subsidiaries reference is drawn to note 30 which is self explanatory.

c) In respect of deductions made/amount withheld by some customers reference is drawn to note 31 which is self explanatory.

Reply to the qualification made in Annexure to the Standalone Audit Report

Point No.3(c) Due to depressed market conditions and strained financial situation in the group, the Company felt it prudent not to charge interest on loans advanced to wholly owned subsidiaries.

Point No.7 In respect of internal audit system During the Financial Year the Company was carrying out the internal Audit function as inhouse. Due to rotational of Internal Audit staffs and lack of availability of trained staffs, also recommendation by the Board the Company has taken steps for appointing External Chartered Accountants who has expert knowledge and adequate manpower to carry out the Internal Audit. The Company is in the process of appointing the Internal Auditors hence the appointment will be done shortly

Point 9(a) & 9(b) 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.

Point No.10 : Due to inordinate delay and uncertainty in implementation of the dry port project, of two subsidiary



Companies Marg Swarnabhoomi Port Private Limited and MARG Aviations Private Limited subsidiary companies, has called off the projects hence the huge cash loss was incurred. 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.

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 FY13-14, 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:

- (i) 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.
- (ii) 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.
- (iii) 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 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. 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. The Company is continuing to help the tsunami affected people of Nagapattinam districts and company is helping to unprivileged women in rural areas in the field of Basic courses in Beautician and Tailoring Classes, Mehendi Course and Candle Making have been organized in collaboration with Jana Shikshan Shanthan, Kanchipuram.

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, 2014



ANNEXURE TO THE DIRECTORS' REPORT

Annexure I

Activity in:-Foreign Currency Transactions

Expenditure:-

(₹ in Crores)

	Particulars	2013-14	2012-13
a	Value of Imports Calculated on CIF Basis		
	i Components, Embedded goods and spare-parts	-	2.33
	ii. Capital goods	-	-
b	Expenditure in Foreign Currencies		
	i Travelling Expenses	0.43	0.06
	ii. Technical /Professional & onference Expenses	-	-
	iii. Hire Charges	-	22.09
	Total	0.43	24.48

Income:-

(₹ in Crores)

	Particulars	2013-14	2012-13
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, 2014

Annexure - II

Statement as at 31.03.2014 of 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): 28,319
D	Options exercised: 107,278
E	Total number of Ordinary Shares arising as a result of exercise of Options: 107,278
F	Options lapsed: 351,588
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: 28,319
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': ₹(69.21)
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 decreased by ₹(0.24) crores.