



ANNUAL REPORT 2016 -17



Contents

Page No.

Corporate Information

Directors' Report	01
-------------------	----

Management Discussion and Analysis Report	30
---	----

Corporate Governance Report	34
-----------------------------	----

Certificate on Corporate Governance	44
-------------------------------------	----

Auditors' Report	45
------------------	----

Balance Sheet	51
---------------	----

Statement of Profit & Loss Account	52
------------------------------------	----

Cash Flow Statement	53
---------------------	----

Notes to the Financial Statements	55
-----------------------------------	----

Auditors' Report on Consolidated Accounts	86
---	----

Consolidated Balance Sheet	95
----------------------------	----

Consolidated Statement of Profit & Loss Account	97
---	----

Consolidated Cash Flow Statement	99
----------------------------------	----

Notes to the Consolidated Financial Statements	101
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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

Ms. K Nithya

*Post Balance Sheet date, Ms. K Nithya has been appointed as Company Secretary & Compliance Officer of the Company w.e.f 9th August, 2017.

Auditors

M/s. A R Krishnan & Associates.

Chartered Accountants,

SF-2, Lokesh Towers, No. 37 (Old No. 18),

Kodambakkam High Road,

Nungambakkam,

Chennai – 600 034.

Registered Office & Corporate Office

'MARG Axis',

4/318, 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

Registrar & Share Transfer Agent

M/s. Cameo Corporate Services Limited

Subramanian Building, No.1 Club House Road,

Chennai – 600 002



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Lake View
Home
@ OMR, Kazhipattur

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Vishwashakthi
Tirupathi's first integrated township

DIRECTORS' REPORT

To,
The Members of
MARG Limited

Your Directors are presenting the 22nd Annual Report together with the Financial Statements for the financial year ended 31st March 2017.

1. FINANCIAL RESULTS

(Rs. in Crores)		
Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Income from operations	88.30	131.61
Non-operating Income	6.26	2.80
Total income	94.57	134.40
Profit/(loss) before Depreciation, Finance Cost and Tax Expense (EBDIT)	(23.82)	6.40
Depreciation	10.40	24.60
Interest & Finance charges	(6.69)	3.47
Profit/(Loss) before tax	(27.53)	(21.67)
Tax Expense		
Current Tax	NIL	NIL
Deferred Tax	(0.64)	(4.69)
Profit/(Loss) after Tax	(26.89)	(16.98)
Balance in Profit & Loss Account	(147.37)	(130.39)
Amount available for appropriation	(174.25)	(147.37)
Dividend	Nil	Nil
Dividend tax	Nil	Nil
Amount transferred to General Reserve	Nil	Nil
Balance in Profit and Loss Account	(174.25)	(147.37)

During the Financial Year 2016-17, total revenue of the Company stands at Rs. 94.57 Crores as against Rs.134.40 Crores in the previous year. The EBDIT is (Rs. 23.82 Crores), compared to previous year of Rs. 6.40 Crores. The Company incurred a loss before tax of Rs. 27.53 Crores and a net loss of Rs. 26.89 Crores during the financial year ended March 31, 2017 as compared to loss before tax of Rs. 21.67 Crores and a net loss of Rs. 16.98 Crores in the previous year. This is primarily due to lack of fund availability for projects, depressed markets, increase in cost of raw materials, and labour.

2. DIVIDEND

Due to loss incurred by the Company, your Directors have not recommended any dividend for the financial year ended March 31, 2017.

3. BUSINESS HIGHLIGHTS 2016-17

MARG Revenue Stands at Rs. 94.57 Crores in Financial Year 2016-17, including EPC Current order book at around Rs. 2,522.79 Crores.

Karaikal Port Private Limited (KPPL), a subsidiary of your Company has successfully handled 9.10 MMT of cargo in Financial Year 2016-17 and reported a top line of Rs. 369.31 Crores and EBITDA Rs. 189.72 Crores.

4. DIRECTORS

The composition of the Board of Directors is in compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Section 149 of the Companies Act, 2013.

The Company has received necessary declarations from the Independent Directors stating that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 and Regulation 17 SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

In accordance with provisions of the Companies Act, 2013, Mrs. V P Rajini Reddy retires by rotation and being eligible, seeks re-appointment at the ensuing Annual General Meeting.

Mr. G R K Reddy (DIN: 00903778) was re-appointed as Managing Director of your Company for a period of five years with effect from 1st April, 2017. The Board recommends the re-appointment of Mr. G R K Reddy. Item seeking your approval on the above are included in the Notice convening the Annual General Meeting ("AGM").

5. MEETINGS

During the year under review, the Board of Directors met 6 (Six) times on May 31, 2016, August 13, 2016, August 26, 2016, November 14, 2016, February 13, 2017 and March 14, 2017.

In accordance with Clause VII of the Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on February 13, 2017.

6. ANNUAL EVALUATION BY THE BOARD

The Board has made a formal evaluation of its own performance and that of its committees and individual directors as required under section 134(3) (p) of the Companies Act, 2013.

7. AUDIT RELATED MATTERS

A. AUDITORS

The members of the Company at the 21st Annual General Meeting had appointed M/s. A R Krishnan & Associates., Chartered Accountants (Firm Registration No.0098055), Chennai, as the Statutory Auditors of the Company, to hold office from the conclusion of 21st Annual General Meeting of the Company until the conclusion of the 26th Annual General Meeting. As per the provisions of Section 139 of the Companies Act, 2013, your ratification to their appointment as Statutory Auditors of your Company is being sought at the ensuing AGM and forms part of the Notice convening the said meeting. The Statutory Auditors have confirmed that they are not disqualified to act as Auditors and are eligible to hold office as Auditors of your Company.

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.

B. SECRETARIAL AUDIT REPORT

The Board had appointed M/s Satyaki Praharaj & Associates, Company Secretaries in Whole-time Practice (Membership No. FCS6458) as Secretarial Auditor for the financial year ended 31st March, 2017 to carry out the Secretarial Audit under the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The report of the Secretarial Auditor is enclosed to this report as "Annexure A".

C. COST AUDIT

During the financial year 2016-17, Your Company has maintained cost accounting records in accordance with the provisions of Companies (Cost Records and audit) Rules, 2014. The Company shall file the Compliance Report as certified by the Cost & Management Accountant Mr. G Sunderasan for the financial year 2016-17 with Central Government as prescribed under Companies (Cost Records and audit) Rules, 2014, in due course.

8. SUBSIDIARY COMPANIES STATUS

Your Company has total of 59 subsidiaries* as on 31st March 2017, out of which 5 Non wholly-owned Companies and 53 Wholly-owned companies, including 25 Step-down Subsidiaries. There has been no material change in the nature of the business of the Company and its subsidiaries. Details of major subsidiaries of the Company and their business operations during the year under review are covered in the Management Discussion and Analysis Report.

Subsidiary Companies' Monitoring Framework

All subsidiary companies are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders.

The Company monitors performance of subsidiary companies, inter alia, by the following means:

- ❖ Financial statements, in particular investments made by unlisted subsidiary companies, are reviewed quarterly by the Company's Audit Committee.
- ❖ Minutes of Board meetings of unlisted subsidiary companies are placed before the Company's Board regularly.
- ❖ A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board.

Financial Position and Performance of Subsidiaries and Associates

In terms of Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014, the financial position and performance of subsidiaries are given as an Annexure to the Consolidated Financial Statements.

9. POLICY AND OTHER MATTERS

A. Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility Committee under the section 135 of the Companies Act 2013, which is making exclusive progress in the field of Corporate Social Responsibility and Societal interventions. The Committee is predominantly involved in the areas of Women empowerment, education, health and hygiene, community based programs, including art, music, sports and other socio economic and culture activities.

This Committee has been entrusted with the responsibility of formulating and recommending to the Board a CSR policy, from time to time, broadly indicating the activities to be undertaken by the company apart from the activities (already under processing) that are mandatory in the implementation of the frame work of CSR policy and recommend the money to be spent on each of the activities as prescribed under Act and the Rules made there under.

B. Code of Conduct

As prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a declaration signed by the Chairman and Managing Director affirming compliance with the Code of Conduct by the Directors and senior management personnel of the Company for the financial year 2016-17 forms part of the Corporate Governance Report.

C. Declarations by Independent Directors

Pursuant to the provisions of sub-section (7) of Section 149 of the Companies Act, 2013, the Company has received individual declarations from all the Independent Directors confirming that they fulfill the criteria of independence as specified in Section 149(6) of the Companies Act, 2013.

D. Extract of Annual Return

In terms of Section 134 of the Companies Act, 2013 read with Rules 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return of the Company for the financial year 2016-17 is provided in "Annexure B" to this report.

E. Particulars of Loans, Guarantees and Investments

Particulars of Loans, Guarantees and Investments in terms of Section 134 of the Companies Act, 2013, the particulars of loans, guarantees and investments given by the Company under Section 186 of the Companies Act, 2013 is detailed in Notes to Accounts of the Standalone Financial Statements.

F. Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and all such contracts/arrangements/ transactions have been approved by the audit Committee.

10. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.

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

Pursuant to the provisions of the Companies Act, 2013, dividends/fractions entitlements lying unclaimed for a period of 7 years from the date of their transfer to unpaid/unclaimed account have to be transferred to the Investor Education and Protection Fund (IEPF) constituted and administrated by the Central Government. No claim would be lie against the IEPF or the Company after transfer. The details of unclaimed dividend are posted on the website of the Company.

The dividend pertaining to the financial year 2009-10 remaining unpaid/unclaimed on 30th October, 2017 is due for transferring to the Investor Education and Protection Fund (IEPF). Members can claim the unpaid dividend from the Company before transfer to the Investor Education and Protection Fund. Members who have so far not encashed the dividend warrant(s) are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to investor@marggroup.com.

12. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The Corporate Governance Report approved by the Board of Directors of the Company, forms part of this report and a certificate issued by Mr. Satyaki Praharaj, Practicing Company Secretaries is set out as an Annexure to this Report.

13. 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 SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

14. 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 134(3)(m) of the Companies Act, 2013 read along with Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 and hence, particulars regarding conservation of energy, technology absorption and adaptation are not applicable and hence the same are not provided.

There are no foreign exchange earnings and outgo during the financial year 2016-2017.

15. PARTICULARS OF EMPLOYEES U/S 197

During the year, there was no employee in receipt of remuneration as prescribed in the Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The prescribed particulars of Employees as required under Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "**Annexure C**" and form part of this Report.

However, in accordance with the provisions contained in the proviso to Section 136(1) of the Companies Act, 2013, 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.

16. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended March 31, 2017, Your Directors hereby confirmed that;

- i. In the preparation of the Annual Accounts for the financial year ended 31st March 2017, the applicable accounting standards has been followed and there were no material departures;
- ii. The directors had 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.
- iii. The directors had 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. The directors had prepared annual accounts for the financial year ended 31st March 2017 on a "going concern basis".
- v. The directors had devised proper systems, internal financial controls to be followed by your Company and that such internal financial controls are adequate and have been operating effectively.
- vi. The systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.