



# **23<sup>rd</sup> Annual Report**

**MARG LIMITED**

**2017-2018**

# CORPORATE INFORMATION



**Chairman & Managing Director**  
MR. G R K REDDY

## **DIRECTORS**

Mr. Sreedhar Challa

Mr. R Dinesh

Mrs. V Revathi

## **COMPANY SECRETARY**

MR. NAWAL KISHORE \*

\*Post Balance Sheet Date, Mr. Nawal Kishore has been Appointed as Company Secretary & Compliance Officer of the Company W.e.f 18th July, 2018.

## **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](http://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

 **MARG**  
Spirit of Visioneering

 **MARG**  
**karaikal port**

  
 **MARG**  
**swarnabhoomi**  
the land of new thinking

 **MARG**  
**Proper Ties**  
The joy of ownership

 **MARG**  
**FOUNDATION india**  
Engineering | Procurement | Construction

 **MARG**  
**Junction**  
THE RIVERSIDE MALL ON OMR

**DIRECTORS' REPORT**

To,  
 The Members of  
 MARG Limited

Your Directors are presenting the 23<sup>rd</sup> Annual Report together with the Financial Statements for the financial year ended 31<sup>st</sup> March 2018.

**1. FINANCIAL RESULTS**

(Rs. in Crores)

Particulars	Year Ended 31 <sup>st</sup> March, 2018	Year Ended 31 <sup>st</sup> March, 2017
Income from operations	41.38	88.30
Non-operating Income	3.90	6.26
Total income	45.27	94.56
Profit/(loss) before Depreciation, Finance Cost and Tax Expense (EBDIT)	(8.78)	(23.82)
Depreciation	9.56	10.40
Interest & Finance charges	(4.40)	(6.69)
Profit/(Loss) before tax	(13.94)	(27.53)
Tax Expense		
Current Tax	NIL	NIL
Deferred Tax	(0.79)	(0.64)
Profit/(Loss) after Tax	(13.15)	(26.89)
Balance in Profit & Loss Account	(174.25)	(147.37)
Amount available for appropriation	(187.10)	(174.25)
Dividend	Nil	Nil
Dividend tax	Nil	Nil
Amount transferred to General Reserve	Nil	Nil
Balance in Profit and Loss Account	(187.10)	(174.25)

During the Financial Year 2017-18, total revenue of the Company stands at Rs. 45.27 Crores as against Rs. 94.56 Crores in the previous year. The EBDIT is (Rs. 8.78 Crores), compared to previous year of (Rs. 23.82 Crores). The Company incurred a loss before tax of Rs. 13.94 Crores and a net loss of Rs. 13.15 Crores during the financial year ended March 31, 2018 as compared to loss before tax of Rs. 27.53 Crores and a net loss of Rs. 26.89 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, 2018.

**3. BUSINESS HIGHLIGHTS 2017-18**

MARG Revenue Stands at Rs. 45.27 Crores in the Financial Year 2017-18.

**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.

During the year under review Mr. Karanjit Singh Jasuja (DIN: 01563933) and Mr. Bahushrut Lugani (DIN: 00052387) has resigned from the Board w.e.f 3<sup>rd</sup> February 2018 and Mrs. V P Rajini Reddy (DIN: 00904123) has resigned on 12<sup>th</sup> February 2018. The Board places on record its appreciation for the valuable contribution and services rendered by them during their tenure as a Member of the Board and its various Committees.

Accordingly, Mr. Sreedhar Challa (DIN: 06468225) and Mr. R Dinesh (DIN 00845119), has been appointed as an Independent Director w.e.f 3<sup>rd</sup> February 2018 under 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 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Board seeks approval from Members for appointment of Mr. Sreedhar Challa (DIN: 06468225) and Mr. R Dinesh (DIN 00845119) as Independent Director under section 149 of the Act to hold office



upto 2<sup>nd</sup> February 2023 and the Board seeks approval from Members for appointment at the ensuing Annual General Meeting.

Your Company has received requisite notice in writing from Member proposing Mr. Sreedhar Challa (DIN: 06468225) and Mr. R Dinesh (DIN 00845119) as an Independent Director not liable to retire by Rotation. The brief resume of the Directors and other related information have been detailed in the Notice convening the 23<sup>rd</sup> AGM of the Company.

## **5. MEETINGS**

During the year under review, the Board of Directors met 8 (Eight) times on May 29, 2017, August 8, 2017, September 27, 2017, November 21, 2017, February 3, 2018, February 12, 2018, March 23, 2018. and March 30, 2018.

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 12, 2018.

## **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 21<sup>st</sup> Annual General Meeting had appointed M/s. A R Krishnan & Associates., Chartered Accountants (Firm Registration No.009805S), Chennai, as the Statutory Auditors of the Company, to hold office from the conclusion of 21<sup>st</sup> Annual General Meeting of the Company until the conclusion of the 26<sup>th</sup> Annual General Meeting.

The requirement to place the matter relating to appointment of Statutory Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of corporate Affairs, Government of India. Accordingly, no resolution is proposed for ratification of appointment of Statutory Auditors, who were appointed in the Annual General Meeting held on March 14, 2017 for a period of 5 years.

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.

### **B. SECRETARIAL AUDIT REPORT**

The Board had appointed Mr. Rajib Lochan Sarangi, Company Secretary in Whole-time Practice (Membership No. ACS 20312) as Secretarial Auditor for the financial year ended 31<sup>st</sup> March, 2018 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**

The requirement to maintain cost accounting records and appointment of Cost Auditor in accordance with the provisions of Companies (Cost Records and audit) Rules, 2014 is not applicable for the financial year 2017-18.

## **8. SUBSIDIARY COMPANIES STATUS**

Your Company has total of 58 subsidiaries\* as on 31<sup>st</sup> March 2018, out of which 5 Non wholly-owned subsidiaries and 53 Wholly-owned subsidiaries, 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.

In accordance with Section 129(3) of the Act, Consolidated Financial Statements of the Company and all its subsidiaries forms part of the Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC - 1 is enclosed herewith as Annexure D to the Boards report. The statement also provides the details of performance and financial position of each of the subsidiaries.

### **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 cultural 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 2017-18 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 2017-18 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



administered 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 2010-11 remaining unpaid/unclaimed on 30<sup>th</sup> October, 2018 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](mailto: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. Rajib Lochan Sarangi , Practicing Company Secretary is set out in the 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 2017-2018.

**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, 2018, Your Directors hereby confirmed that;

- i. In the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March 2018, 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 31<sup>st</sup> March 2018 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.

**17. EXPLANATION OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER BY THE STATUTORY AUDITORS & SECRETARIAL AUDITORS:**

The Directors submit their explanation to the observations made by the Auditors in their report for the FY 17-18. The relevant Para nos. of the report and reply are as under:

**REFER PARAGRAPH (BASIS OF QUALIFIED OPINION) OF THE AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS:**

- (i) In respect to Note No. 28 to the audited financial statements of the year ended 31st March, 2018 regarding the providing interest for loans assigned to Asset Reconstruction Company (ARCs), the management is of the opinion that since the company has already entered into proposal with ARC for converting debt to equity providing for the interest shall not be viable.
- (ii) In respect to Note No. 34 to the audited financial statements of the year ended 31st March, 2018 regarding the EPC work in progress, the Company hereby clarify that the work is going on, which is not yet completed. Now Company is evaluating the work status and it will be billed shortly.
- (iii) In respect to Note No. 35 to the audited financial statements of the year ended 31st March, 2018 regarding the investment in Karaikal Port Private Limited (KPPL), the Management here by clarifies that as per the restructuring agreement signed by the KPPL with Edelweiss ARC, the equity shares held by the Company in KPPL which was previously invoked by the Indian Bank will be reinstated and thereupon will be pledged back to Edelweiss ARC and further to the terms of restructuring & settlement plan signed with Edelweiss ARC, KPPL has to allot shares to Edelweiss ARC for the conversion of partial debt outstanding into equity shares. Consequent to all the above sequence of action, the holding of the company in KPPL will further come down and KPPL will cease to be a subsidiary of Marg Limited on post conversion of debt in to equity shares.
- (iv) In respect to Note No. 36 the regarding un-reconciled amount relating to the equipment loan availed by the company. 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. Note 36 of the consolidated financial statements is self explanatory.
- (v) In respect to balance confirmation Bank/ARCs as on 31<sup>st</sup> March, 2018, the management hereby clarifies that the regarding balances confirmation from Banks/ARCs. The Balance Confirmation of the loan account from Balance/ARCs is under process and it will be completed shortly.
- (vi) In respect to Note No. 55 the regarding investment in "Future Parking Private Limited"(FPPL). The management hereby clarifies that "Future Parking Private Limited" is a joint venture entity, MARG Limited continued to hold 51% shareholding in FPPL. Hence the same is treated as subsidiary and considered in consolidation.

**REFER EMPHASIS OF MATTER OF THE AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS:**

- a) In respect of preparing financial statements on 'Going Concern' basis reference is drawn to Note No. 30 which is self explanatory;
- b) In respect of Property of the Subsidiary Companies provided security for various loans, reference is drawn to Note No. 31 which is self explanatory;
- c) In respect of deductions made/amount withheld by some customers reference is drawn to Note No. 34 which is self explanatory;

**REFER ANNEXURE-A TO THE AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS:**



Point 1(a) of Annexure A to Standalone Auditors' report: (i) The Fixed Asset Register will be duly updated and it will be completed shortly.

Point 7(a) & 7(b) of Annexure A 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. 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 PARAGRAPH (QUALIFIED OPINION) OF ANNEXURE B TO THE AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS:**

The delay in updating the register of fixed assets and recording of expenses transactions met out of staff imprest advances are not intentional and the company has taken necessary steps to update it as soon as possible.

**REFER EMPHASIS OF MATTER OF THE AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS:**

- (i) In respect to Note No. 30 to the audited financial statements of the year ended 31<sup>st</sup> March, 2018 regarding the providing interest for loans assigned to Asset Reconstruction Company (ARCs), the management is of the opinion that since the company has already entered into proposal with ARC for converting debt to equity providing for the interest shall not be viable.
- (ii) In respect to Note No. 36 to the audited financial statements of the year ended 31<sup>st</sup> March, 2018 regarding the EPC work in progress, the Company hereby clarify that the work is going on, which is not yet completed. Now Company is evaluating the work status and it will be billed shortly. Further regarding the management fees, the company was receiving earlier the said fees, now due to some dispute, but the Company is confident to receive the amount.
- (vii) In respect to Note No. 37 to the audited financial statements of the year ended 31<sup>st</sup> March, 2018 regarding the investment in Karaikal Port Private Limited (KPPL), the Management here by clarifies that as per the restructuring agreement signed by the KPPL with Edelweiss ARC, the equity shares held by the Company in KPPL which was previously invoked by the Indian Bank will be reinstated and thereupon will be pledged back to Edelweiss ARC and further to the terms of restructuring & settlement plan signed with Edelweiss ARC, KPPL has to allot shares to Edelweiss ARC for the conversion of partial debt outstanding into equity shares. Consequent to all the above sequence of action, the holding of the company in KPPL will further come down and KPPL will cease to be a subsidiary of Marg Limited on post conversion of debt in to equity shares, so the KPPL is not considered for Consolidated Ind AS Financial Statements preparation of your company.
- (iii) In respect to Note No. 38 the regarding un-reconciled amount relating to the equipment loan availed by the company. 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. Note 38 of the consolidated financial statements is self explanatory.
- (iv) In respect to the matter regarding investment in "Future Parking Private Limited"(FPPL). The management hereby clarifies that "Future Parking Private Limited" is a joint venture entity, MARG Limited continued to hold 51% shareholding in FPPL. Hence the same is treated as subsidiary and considered in consolidation.
- (v) In respect to balance confirmation Bank/ARCs as on 31<sup>st</sup> March, 2018, the management hereby clarifies that the regarding balances confirmation from Banks/ARCs. The Balance Confirmation of the loan account from Balance/ARCs is under process and it will be completed shortly.



- (vi) 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.
- (vii) In respect of M/s. Arohi Infrastructure Private Limited, the debenture holder has not exercised the Put option during the FY 2014-15, hence the respective company has not provided any premium on redemption during the FY 2017-18.
- (viii) 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 capitalize the interest of Rs.66.93 Crores (PY Rs. 59.12 Crores) and overheads of Rs. 0.14 Crores (PY Rs. 0.44 Crores) during the year ended 31<sup>st</sup> March, 2018. Note No.39 of the Consolidated Financial Statements is self explanatory.
- (ix) In respect to the matter of Non Audit of certain Subsidiary Companies and associate Company, the management hereby clarifies that those subsidiary Companies and associate companies have been duly audited by the Statutory Auditors but the Company is yet to receive the audited balance sheets along with auditor's report from the Auditor.
- (x) In respect to balance confirmation Bank/ARCs as on 31<sup>st</sup> March, 2018 for four subsidiaries, the management hereby clarifies that the regarding balances confirmation from Banks/ARCs. The Balance Confirmation of the loan account from Balance/ARCs is under process and it will be completed shortly.

**REFER EMPHASIS OF MATTER OF THE AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS:**

- a) In respect of preparing financial statements on 'Going Concern' basis reference is drawn to Note No. 32 which is self explanatory;
- b) In respect of Property of the Subsidiary Companies provided security for various loans, reference is drawn to Note No. 33 which is self explanatory;
- c) In respect of the Investments in and Advances receivable due from some of its Subsidiaries Companies, reference is drawn to Note No. 34 which is self explanatory;
- d) In respect of deductions made/amount withheld by some customers reference is drawn to Note No. 40 which is self explanatory;
- e) In respect of Companies which were converted and obtained license under Section 8 of the Companies Act, 2013 during the previous years, reference is drawn to Note No. 41 which self explanatory.

**REPLY TO THE OBSERVATIONS OF THE SECRETARIAL AUDITOR REPORT**

- a) Currently, Infrastructure/ Real Estate Market is facing hurdles due to various reasons which also have an impact on our company. Complying to the payments and maintenance of records under Labour laws is the top most priority of our company. Based on the stabilization of the cash flow, the payments will be streamlined.
- b) There is delay in transferring of Unclaimed Dividend amount of Rs.3,85,486/- to the Investor Education and Protection Fund, the same has been paid on 06.04.2018, the delay in transfer is due to delay in permission from the IT department for release of funds as the account was attached by them.

**18. FIXED DEPOSITS**

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

**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 continue 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.

**21. VIGIL MECHANISM**

The Company has adopted a Whistle Blower Policy, to provide a formal vigil mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

**22. REPORTING OF FRAUD**

There have been no instances of fraud reported by the Auditors under section 143 (12) of the Companies Act, 2013 and rules made thereunder either to the Company or the Central Government.

**ACKNOWLEDGEMENT**

The Board expresses its deepest appreciation and gratitude for the guidance and cooperation extended to the Company by our customers, vendors, investors, Bankers, employees, Statutory Authorities and Regulators. We place on record our special appreciation of the contribution made by our employees at all the levels and look forward to their continued support in the future.

**For and on behalf of the Board of Directors**

**G R K Reddy**  
**Chairman & Managing Director**  
**Place: Chennai**  
**Date: 30<sup>th</sup> May, 2018**