

MARG Projects and Infrastructure Limited



Annual Report 2010-11

BOARD OF DIRECTORS

Mr. G Srinivasa Reddy
Mr. M Abdul Hakeem
Mr. Gouri Shanker Mishra
Mr. Sudhir N Shenoy

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Satyaki Praharaj

AUDITORS

M/s. K. Ramkumar & Co
Chartered Accountants
E-7, III Floor, Gemini Parsn Apartments
Cathedral Garden Road
Chennai - 600 006

BANKERS

State Bank of India
Axis Bank Limited

REGISTERED OFFICE

501, Apex Chambers, 5th Floor
No. 20, Thyagaraya Road
T. Nagar, Chennai – 600 017
Phone: 044 – 3221 1955
E-mail : mpil@marggroup.com
www.margprojects.com

REGISTRAR AND SHARE TRANSFER AGENTS

M/s Knack Corporate Services Private Limited
17/9, Thiruvengadam Street
Mandaveli, Chennai – 600 028
Phone : 044-2461 4424
E-mail : knackcorp@gmail.com

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DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2011.

Financial Highlights

The financial results of the Company for the period ended 31st March 2011 is summarized as below:

(Rs In Lakhs)

Description	Year Ended 31.03.2011	Year Ended 31.03.2010
Income from Operations	2456.87	7387.99
Non-operating Income	1.02	45.03
Total Income	2457.89	7433.02
Expenditure	2320.33	7019.12
Gross Profit (before depreciation, interest and tax)	137.56	413.90
Interest & Finance Charges	19.68	30.05
Depreciation	83.68	55.73
Profit before Tax	34.20	328.12
Provision for Income Tax	6.29	62.39
Profit after Tax	26.31	265.73
Brought Forward Profit	1073.34	807.61
Balance Carried to Balance Sheet	1099.65	1073.34

Business Operations Overview and Future Prospects

The Company has successfully completed prestigious residential projects in Swarnabhoomi SEZ. With this the Company has completed the Residential Contract. The Company has not taken up any further Residential or Commercial Projects, as the Company envisages diversifying into more value added jobs. To enable the company to diversify in such fields, the Company is chalking out a marketing approach and plan up action to get the required technical know-how and joint ventures in place.

Dividend

To conserve the resources, your Board do not recommend any dividend for the year under review.

Subsidiary Companies

Your Company does not have any subsidiary. However the Board has decided to venture into

Marine related projects and the Company proposes to have suitable venture/project Company.

Fixed Deposits

Your Company has not accepted any deposits from the public.

Directors

Mr. Sudhir N Shenoy, Director retires at this Annual General Meeting and being eligible offers himself for reappointment.

Green Initiative

The Company in spirit supports the National Mission for Green India. As a part of "green initiative" in Corporate Governance, Ministry of Corporate Affairs (MCA) vide circular no.18/2011 dated 29.04.2011 has permitted paperless compliances regarding sending of Annual Reports / Notices by recognized communications through electronic mode (email) to the shareholders under the Companies Act, 1956. The Company has taken steps in writing letters to the shareholders to update their e mail ids with the Company in order to enable the Company to dispatch Annual Report and Notice by e mail. The Board has decided that as this is a new initiation and complete awareness is yet to be created among shareholders, this year the Company will send the above documents in physical mode and from next Annual General Meeting the Company will be sending the Annual Report, Notices and other communications to shareholders in electronic mode also.

Directors Responsibility Statement

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

- i. in the preparation of the Annual Accounts for the Financial Year 2010-11, the applicable Accounting Standards have been followed and that there are no material departures;
- ii. they have selected such accounting policies in consultation with the statutory auditors 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 of the Company for the year;

- iii. they have taken proper and sufficient care to the best of their knowledge for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the Annual Accounts on a going concern basis.

Auditors

M/s K Ramkumar & Co, Chartered Accountants the Auditors of the Company holds office upto the conclusion of the forthcoming Annual General Meeting and has given their consent for re-appointment. Company has received a certificate under Section 224(1B) from the retiring auditors regarding their eligibility for re-appointment as the Company's Auditors for the year 2011-12.

Particulars of Employees

Information in accordance with the provisions of Sec.217 (2A) of the Companies Act, 1956 read along with the Companies (Particulars of Employees) Rules 1975 as amended, forms part of this Directors' Report. However, as per provisions of Sec. 219(1)(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.

Industrial Relations

Your Company enjoyed cordial industrial relations with the employees and workers at all project sites.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo

Your company is not an industrial undertaking. Accordingly, particulars with regard to conservation of energy and technology absorption and adaptation required to be given under these heads in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

There are no Foreign Exchange earnings or outgo during the financial year 2010-11.

The Management Discussion & Analysis Report

The Management Discussion & Analysis Report for the year ended under review, as stipulated under Clause 49 of the Listing Agreements is presented in a separate section forming part of the Directors Report.

Corporate Governance

Your Directors adhere to the requirements set out by the Securities Exchange Board of India's, Corporate Governance practices and have implemented all the stipulations prescribed. Report on Corporate Governance as per Clause 49 of the Listing Agreement has been provided in a separate section forming part of the Directors Report.

Acknowledgement

Your Directors would like to acknowledge and place on record their sincere appreciation to all stakeholders – Clients, Financial Institutions, Banks, Central and State Governments, the Company's valued investors and all other business partners for their continued co-operation and excellent support received during the year.

Your Directors recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

For and on behalf of the Board of Directors

G Srinivasa Reddy
Whole Time Director

Sudhir N Shenoy
Director

Place: Chennai
Date: 30th May 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Scenario and Economic Overview & Opportunities

The year 2010 saw the economy robustly from the global financial crisis – in large part because of strong domestic demand and as a result, growth exceeded 8% year –on –year in real terms. The Strong level of economic growth achieved in India in recent years has led to an expansion of Industry, commerce and per-capita income. This in turn has fuelled demand for Infrastructure services including energy, transportation, telecom, water and other urban Infrastructure.

The Indian Infrastructure has to play a key role in the nation's progress towards achieving the status of "developed nation" from developing nation". However, Inadequacies have hitherto been a constraint in realizing the growth potential of the GDP of the nation. The Government has realized this and embarked upon an ambitious programme of Infrastructure development and Investment for strengthening and consolidating recent Infrastructure Initiatives. Initiatives have been taken to enhance the Investments at all levels i.e Central Government, State Government as well as Private sector in each major Infrastructure Sector. The programmes that ensure strengthening and consolidating recent Infrastructure related horizontal Initiatives, as well as sectoral Initiatives and strategies.

The Company has opportunities in urban infrastructure, Industrial Infrastructure and other infrastructure projects. We shall selectively foray in these segments.

Financial Performance

The Company has successfully completed prestigious residential projects in Swarnabhoomi SEZ. With this the Company has completed the Residential Contract. The Company has not taken up any further Residential or Commercial Projects, as the Company envisages diversifying into more value added jobs. This is a reason for dip in turnover of the Company from Rs. 73.88 Crores last year to Rs. 24.57 Crores in the current year.

Opportunity, Threats, Risks and Concerns

The Industry is marked with low entry barriers with several regional and national players dotting the competitive landscape as a result, despite the strong demand scenario and a definite surge in flow of orders. The margins in the sector have remained low that apart, the working capital cycle has elongated significantly for many companies over a period of time. Thus, the industry has lacked the bargaining power not only in terms of pricing but also in negotiating payment terms in the contracts.

The Key risks for this sector are increasing commodity prices, increasing interest rates and funding constraints. While infrastructure spending will accelerate, tighter credit conditions may result in a slowdown of private sector activity.

The Company has established a risk management framework. Under this framework, risks are identified across business processes of the Company on continuous basis. Once identified, these risks are systematically categorised as strategic risks, business risks or reporting risks. The former looks at all risks associated with the longer term interests of the Company. To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action.

Outlook

The immense opportunities are available in the core competency area of the Company. A higher growth business plan is being adopted by the Company. The Company is in process of bidding for tender for getting new contracts.

Segmentwise / Productwise Performance

Your Company was operating only in one segment both in terms of business and geographical operations in the year 2010-11. Accordingly, segmental reporting in terms of Accounting Standard 17 is not applicable to the Company.

Internal Control System and Adequacy

The Company has adequate system of internal control in place. This is to ensure that assets are safeguarded and all transactions are authorized, recorded and correctly reported. The internal audit function is empowered to examine the adequacy, relevance and effective control system, compliance with policies, plans and statutory requirements.

Material Developments in Human Resources and Industrial Relation

Your Company has a well-qualified and experienced team of professionals with a dedicated human resource department, which is competent to deliver at the time of need. Labour relations at all work site and at the headquarters of the Company continued to remain cordial throughout the year. During the year the Company has engaged 70 persons.

Cautionary Statement

The statements in report of the Board of Directors and the Management Discussion and Analysis Report describe the Company's outlook,

estimates, performance or predictions with a forward perspective considering the applicable business and economic regulations affecting the industry. Actual results could differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Management. The Management takes no responsibility for keeping the members updated on changes in these factors stated above apart from those, which may statutorily be required to be reported from time to time.

For and on behalf of the Board of Directors

G Srinivasa Reddy
Whole Time Director

Sudhir N Shenoy
Director

Place: Chennai
Date: 30th May 2011

REPORT ON CORPORATE GOVERNANCE

1. Philosophy on Code of Governance

The Company believes in transparency, empowerment, accountability, motivation and fair business and corporate practices with all its stakeholders. As the Company grows, it continues to focus on raising the standards of Corporate Governance and adopting best systems and procedures. In India, Corporate Governance standards for Listed Companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has complied with all the norms of Corporate Governance as provided by Clause 49 of the Listing Agreement.

2. Board of Directors

Board is consisting of four Directors out of which one Director is Executive Director and three are Non-Executive and Independent Directors. The Directors on the Board are senior, competent and experienced people from different fields. The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The Board elects the Chairman at every meeting.

The compositions and Category of Board of Directors during the year ended 31st March 2011 are given below. The details of other directorship have been taken as on 31st March 2011.

Sl. No.	Name(s) of Director (s)	Executive/ Non-Executive/ Independent	Number of Directorships in other Public Companies*		No. of Committee Chairmanship in other Companies**	
			Member	Chairman	Member	Chairman
1	Mr. G Srinivasa Reddy	WTD	Nil	Nil	Nil	Nil
2	Mr. M Abdul Hakeem	NED/ID	10	Nil	Nil	Nil
3	Mr. Gouri Shanker Mishra	NED/ID	Nil	Nil	Nil	Nil
4	Mr. Sudhir N Shenoy	NED/ID	Nil	Nil	Nil	Nil

WTD – Whole Time Director; ED – Executive Director; NED - Non Executive Director; ID – Independent Director; NID – Non Independent Director.

*Other directorship does not include directorship in Private Limited Company which are not Subsidiary of any Public Company, Section 25 Companies and Companies incorporated outside India.

**In accordance with Clause 49 of the Listing Agreement, Membership/Chairmanship of only Audit and Shareholders & Investor Grievance Committee has been considered.