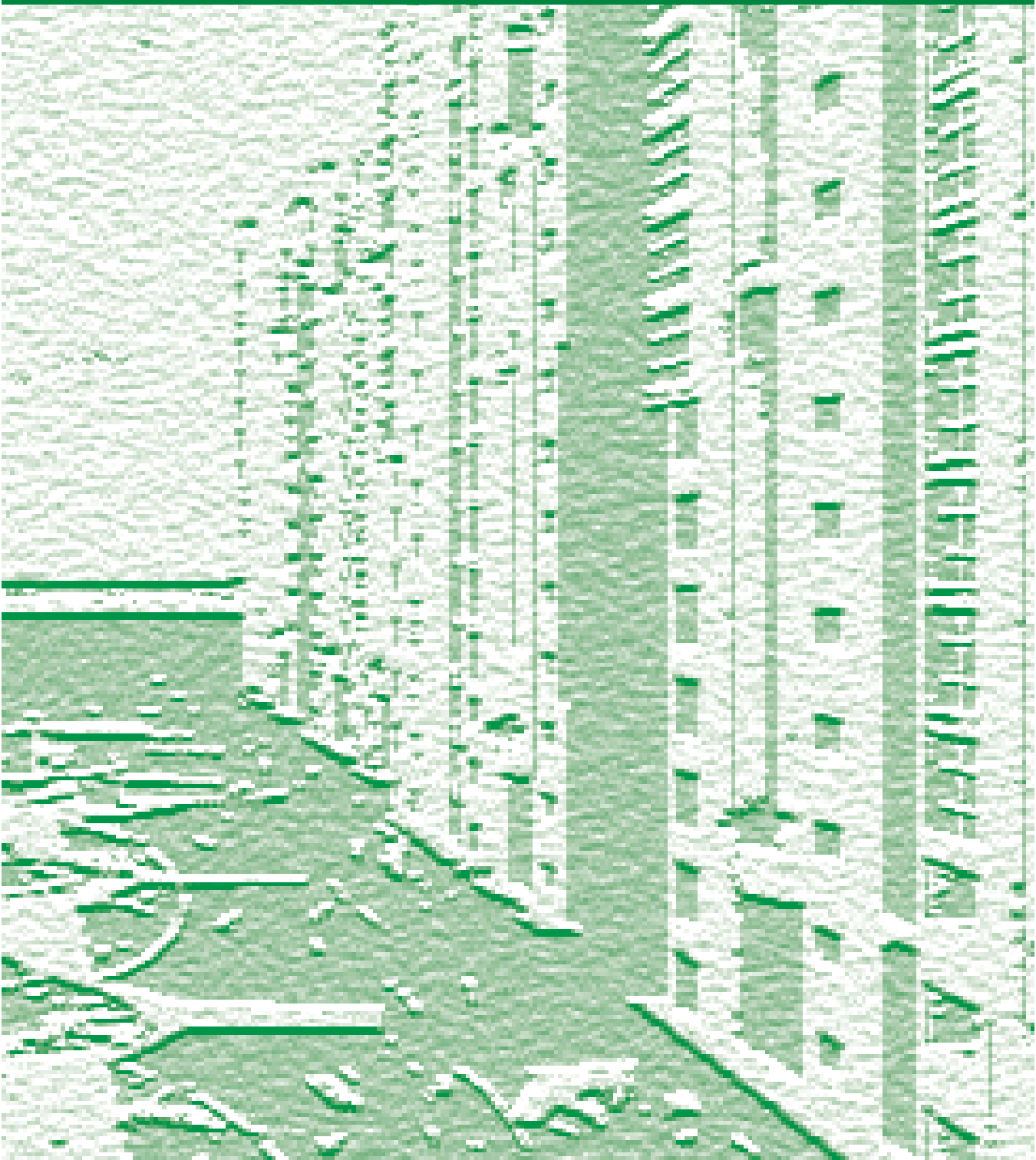


# MARG Projects and Infrastructure Limited



## **BOARD OF DIRECTORS**

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

## **COMPLIANCE OFFICER**

Mr. G Srinivasa Reddy

## **AUDITORS**

M/s. K. Ramkumar & Co  
Chartered Accountants  
A-1, 7th Floor, Tower III,  
Sakthi Towers, 766, Anna Salai,  
Chennai - 600 002.

## **REGISTERED OFFICE**

501, Apex Chambers, 5<sup>th</sup> 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

## **CONTENTS**

Directors Report .....	1
Management Discussion and Analysis Report .....	3
Report on Corporate Governance .....	5
Auditors Certificate on Corporate Governance.....	15
Auditors' Report to the Share Holders .....	16
Balance Sheet .....	19
Profit & Loss Account .....	20
Notes to the Financial Statements .....	21
Auditors' Report on Cash Flow Statement .....	29
Cash Flow Statement .....	30
Balance Sheet Abstract .....	31

## DIRECTORS' REPORT

To  
The Shareholders,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March 2012.

### Financial Highlights

The financial results of the Company for the period ended 31<sup>st</sup> March 2012 is summarized as below:

(₹ In Lakhs)

Description	Year Ended 31.03.2012	Year Ended 31.03.2011
Income from Operations	208.46	2456.87
Non-operating Income	26.46	1.02
Total Income	234.92	2457.89
Expenditure	135.42	2322.23
Gross Profit (before depreciation, Financial Costs and tax)	99.50	135.66
Finance Costs	0.95	19.37
Depreciation	67.30	83.68
Profit before Tax	31.25	32.61
Provision for Income Tax	4.15	6.29
Profit after Tax	27.10	26.32
Brought Forward Profit	1099.65	1073.34
Balance Carried to Balance Sheet	1126.75	1099.65

### Business Operations Overview and Future Prospects

Your Company envisages in taking up diversified projects. Owing to general market conditions, your Company has not taken up any new contract during the period of review. However, the Company has utilised the assets and equipments by giving them on hire. The Board is taking up steps to take up more projects in near future.

### Dividend

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

### Subsidiary Companies

The Company has incorporated a Wholly Owned Subsidiary Company on 16<sup>th</sup> June 2011, in order to venture into Marine related services. However in the unfavourable market conditions, Company

has transferred the subsidiary during the financial year and now the Company cease to have any subsidiary.

### Fixed Deposits

Your Company has not accepted any deposits from the public.

### Directors

Mr. M Abdul Hakeem, Director retires at this Annual General Meeting and being eligible offers himself for reappointment.

Further Mr. G Srinivasa Reddy, Whole Time Director tenure is getting over on 31<sup>st</sup> July 2012. Upon completion of the tenure he shall be continuing as Non Executive Director w.e.f. 1<sup>st</sup> August 2012.

### Directors Responsibility Statement

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

- in the preparation of the Annual Accounts for the Financial Year 2011-12, the applicable Accounting Standards have been followed and that there are no material departures;
- 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;
- 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;
- 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 2012-13.

### **Particulars of Employees**

None of the employees of the Company were in receipt of remuneration, which in aggregate exceeded the limits fixed under sub-section (2A) of Section 217 of the Companies Act, 1956 and Rules made thereon under Companies (Particulars of Employees) Rules 1975 for the year 2011-12.

### **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 2011-12.

### **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**  
Wholetime Director

**Sudhir N Shenoy**  
Director

Place: Chennai

Date: 30<sup>th</sup> May 2012

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **Industry Scenario and Economic Overview**

The Infrastructure development story in India has been plagued with issues of implementation. As a result, the pace of growth has simply been much slower than the needs of an economy intending to maintain a sustained growth rate of close to 9%. In 2011-12, there has been a considerable slowdown in development in the Infrastructure Sector. The Planning Commission's XIth Five Year Plan (2007-2012) had already identified that inadequate Infrastructure was major constraint on the country's rapid growth. The plan had, therefore, emphasized the need for massive expansion in investment in infrastructure based on a combination of public and private investment, the later through various forms of public – private partnerships (PPP). In the last few years, substantial progress has been made in this respect.

The Economic Survey 2011-12 has thrown emphasis is for investments in infrastructure to the tune of over US \$ 1trillion during the Twelfth plan 2012 -17. The Planning Commission also projected that atleast 50% of this investment will come from the private sector as against the 36% anticipated in the eleventh Plan. Twelfth Five year plan envisages investment in infrastructure (defined as electricity, roads and bridges, telecommunications, railways, irrigation, water supply and sanitation, ports, airports, storage and oil-gas pipelines) will need to increase from about 8.0 percent of GDP in the base year (2011-12) of the Plan into about 10.00 per cent GDP in 2016-17.

#### **Financial Performance**

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 ₹ 24.58 Crores last year to ₹ 2.35 Crores in the current year.

#### **Opportunity, Risks and Concerns**

Considering that the target of double digit growth of the economy will be difficult to achieve without infrastructure growth, ambitious plans for

investment into various sector of physical infrastructure are being prepared and the cumulative investment in infrastructure in the twelfth five year plan is targeted at around \$ 1 trillion. Nearly half of this investment will be channelized into construction projects.

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 Company is striving to secure high value contracts, so as to increase the focus and improve on the operating margins. The Company is also working towards generating revenues in EPC contracts and is consciously making efforts to win new projects with in –built-clause for price escalation, to protect the margins and mitigate the impact of inflations. The immense opportunities are available in the core competency area of 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 2011-12. 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.

**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**  
**Wholetime Director**

**Sudhir N Shenoy**  
**Director**

Place: Chennai  
Date: 30<sup>th</sup> May 2012

## **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 31<sup>st</sup> March 2012 are given below. The details of other directorship have been taken as on 31<sup>st</sup> March 2012.

Sl. No.	Name(s) of Director (s)	Executive/ Non-Executive/ Independent	Number of Directorship 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	2	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.



**Directors' Profile:**

Brief Resume of all Directors given below

**Mr. G Srinivasa Reddy, Whole Time Director**, is a B.E. Civil Engineer by qualification. He has over 28 years of experience in the areas of project execution. He has executed grass-root level projects of Nagarjuna Fertilisers & Chemicals Limited Ph-I & II, Oswal Chemicals & Fertilisers, Shahjahanpur unit. He has also worked in oil and gas exploration units of ONGC, BPCL and IOCL.

**Mr. M Abdul Hakeem, Director**, is a Challenger Award Winner banker with more than 32 years of Experience. He is also a CAIIB. He has served in various capacities including management of Portfolio. His last working was with ING Vysya Bank Limited as Assistant Vice President.

**Mr. Gouri Shanker Mishra, Director** is a member of Institute of Company Secretaries of India having 11 years of experience in the Secretarial field and legal domain. Along with ACS, he also holds qualification of L.L.B. and MBA.

**Mr. Sudhir N Shenoy, Director** is a Chartered Accountant and Cost Accountant having more than 17 years of experience and vast knowledge in accounting system, system security and implementation of SAP.

**Attendance of Directors at Board Meetings and at Annual General Meeting**

The attendance record of the Directors at the Board Meetings during the year ended on 31<sup>st</sup> March 2012 and at the last Annual General Meeting (AGM) is as under:

Name(s) of Director(s)	No of Board Meetings held	Board Meetings Attended	Attendance at last AGM
Mr. G Srinivasa Reddy	5	5	Present
Mr. M Abdul Hakeem	5	5	Present
Mr. Gouri Shanker Mishra	5	4	Absent
Mr. Sudhir N Shenoy	5	5	Present

During the financial year 2011-12, Five Board meetings were held on 30<sup>th</sup> May 2011, 13<sup>th</sup> August 2011, 30<sup>th</sup> September 2011, 14<sup>th</sup> November 2011 and 14<sup>th</sup> February 2012.

As mandated by Clause 49, none of the Directors are members of more than ten Board level committees nor are they Chairman of more than five committees in which they are members.

**3. Committee of Directors**

The Board has constituted three Committees of Directors as per the requirement of the Companies Act, 1956 and Listing Agreement.

Following are the committees of the Board:-

1. Audit Committee
2. Shareholders' / Investors' Grievance Committee
3. Remuneration Committee

All decisions pertaining to the creation and composition of committees and fixing of terms of service for committee members is taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the year 2011-12 and related attendance, are provided below;

**I. Audit Committee**

Pursuant to provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee comprising of three Non-Executive Independent Directors. All the members of the Committee are financially literate and Mr. Sudhir N Shenoy and Mr. Gouri Shanker Mishra have accounting expertise. Mr. Sudhir N Shenoy, Director is the Chairman of the Committee.

**Composition of the Audit Committee and attendance of each member of the Committee are give below:**

Name(s) of Director(s)	Category/ Status	No. of Committee Meetings held	No. of Meetings Attended
Mr. Sudhir N Shenoy	NED/ID/ Chairman	4	4
Mr. M Abdul Hakeem	NED/ID/ Member	4	4
Mr. Gouri Shanker Mishra	NED/ID/ Member	4	4

**Number of Meetings held and the dates on which held:**

During the financial year 2011-12 Four meetings of Audit Committee were held on 30<sup>th</sup> May 2011, 13<sup>th</sup> August 2011, 14<sup>th</sup> November 2011 and 14<sup>th</sup> February 2012. The time gap between any two meetings was less than four months.

**Terms of reference**
**Following are the main terms of reference given by Board of Directors to Audit Committee:**

- a) To review the quarterly, half-yearly and annual financial statements before submission to the Board, focusing particularly on:
  - i) Any changes in accounting policies.
  - ii) Significant adjustments made in the financial statements arising out of audit findings.
  - iii) Compliance with listing and other legal requirements relating to financial statements.
  - iv) Limited Review Report of Auditors.
  - v) Compliance with applicable accounting standards.
  - vi) Director's Responsibility Statement in terms of section 217 (2A) of the Companies Act, 1956.
  - vii) Major accounting entries involving estimates based on the exercise of judgment by Management.
  - viii) Disclosure of any related party transactions
  - ix) Qualifications in the draft audit report.
- b) To recommend to the Board the appointment, re-appointment and if required, the replacement or removal of Statutory Auditor and fixing of audit fees.
- c) To approve of payment to Statutory Auditors for audit or other services rendered by them.
- d) To discuss with the Statutory Auditor before the audit commences, the nature and scope of the audit.
- e) To discuss with Internal Auditors any significant findings and follow up thereon.
- f) To review the Statutory Auditors report and presentations and management's response.

- g) To review with the management, application of funds raised through issue of shares.
- h) To review the adequacy of internal audit programme and the major findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- i) To review the functioning of the Whistle Blower mechanism.
- j) To review management discussion and analysis of financial condition and results of operations.
- k) To review Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- l) To review Internal audit reports relating to internal control weaknesses.
- m) To review appointment, removal and terms of remuneration of the Chief internal auditors and
- n) To consider other matters, as may be referred to by the Board of Directors from time to time.

**II. Remuneration Committee**

Pursuant to the Provisions of Clause 49 of the Listing Agreement, Board has constituted a Remuneration Committee. The Remuneration Committee presently consists of Three Non-Executive Independent Directors. The Committee determines and recommends to the Board of Directors, the remuneration payable to the Executive Directors. The resolution for the appointment and remuneration payable to the Whole Time Director is approved by the Shareholders of the Company.

**Composition of the Remuneration Committee is given below.**

Name(s) of Director(s)	Category/ Status	No. of Committee Meetings held	No. of Meetings Attended
Mr. MAbdul Hakeem	NED/ID/ Chairman	-	-
Mr. Gouri Shanker Mishra	NED/ID/ Member	-	-
Mr. Sudhir N Shenoy	NED/ID/ Member	-	-