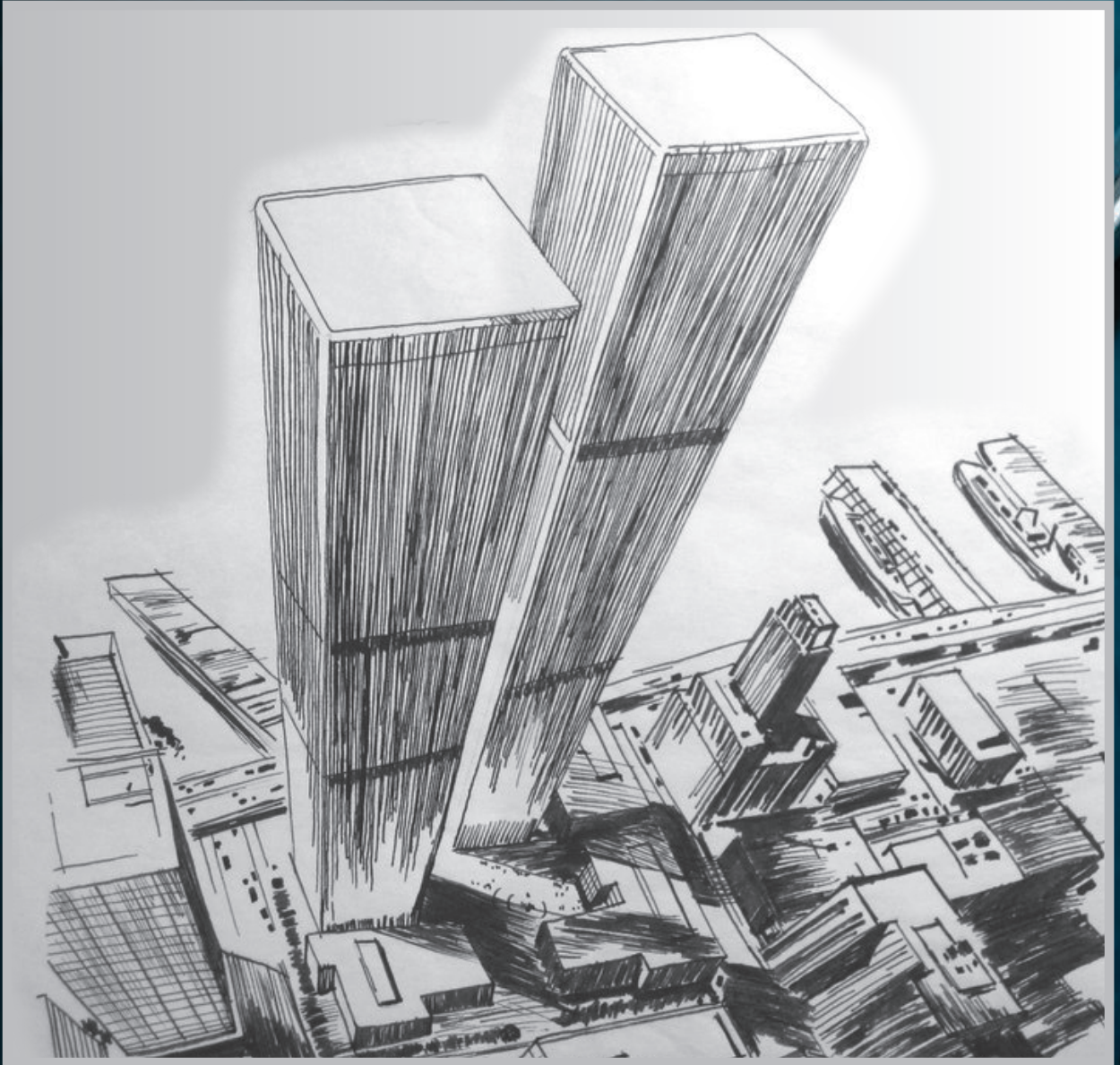


# **MARG Projects and Infrastructure Limited**



**Annual Report  
2012-13**

**BOARD OF DIRECTORS**

Mr. G Srinivasa Reddy

Mr. M Abdul Hakeem

Mr. Gouri Shanker Mishra

**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, 5th Floor

No. 20, Thyagaraya Road

T. Nagar, Chennai – 600 017

Phone: 044 – 3221 1955

E-mail : mpil@marggroup.com

**REGISTRAR AND SHARE TRANSFER AGENT**

M/s GNSA Infotech Limited

STA Department

Nelson Chambers, F Block, 4th Floor,

115 Nelson Manickam Road,

Aminjikarai,

Chennai – 600 029

Phone: 044 – 4296 2025

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**WEBSITE**

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**DIRECTORS' REPORT**

To

**The Shareholders,**

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March 2013.

**Financial Highlights**

The financial results of the Company for the year ended 31<sup>st</sup> March 2013 is summarized as below:

Description	₹ in lakhs	
	Year Ended 31.03.2013	Year Ended 31.03.2012
Income from Operations	66.49	208.46
Non-operating Income	46.64	26.46
Total Income	113.13	234.92
Expenditure	34.27	135.42
Gross Profit (before depreciation, Finance Costs and tax)	78.86	99.50
Finance Costs	0.15	0.95
Depreciation	54.13	67.30
Profit before Tax	24.58	31.25
Provision for Income Tax	4.17	4.15
Profit after Tax	20.41	27.10
Brought Forward Profit	1126.75	1099.65
Balance Carried to Balance Sheet	1147.16	1126.75

**Business Operations Overview and Future Prospects**

The income from operation of the Company has reduced to 66.49 lacs from 208.46 lacs in the previous year. The general market conditions and high input cost is the main reason for such fall in the turnover. Your Company envisages in taking up diversified projects. Owing to adverse 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**

Your Company does not have any subsidiary Companies.

**Fixed Deposits**

Your Company has not accepted any deposits from the public.

**Directors**

Mr. Gouri Shanker Mishra, Director retires at this Annual General Meeting and being eligible offers himself for reappointment.

Mr. Sudhir N Shenoy, Director Independent Director has resigned from the Directorship of the Company w.e.f. 14<sup>th</sup> February 2013. The Board placed on record its appreciation for the services provided by him during the tenure of his office as Director of the Company.

**Directors Responsibility Statement**

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

- in the preparation of the Annual Accounts for the Financial Year 2012-13, 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 hold office upto the conclusion of the forthcoming Annual General Meeting and have given their consent for re-appointment. Company has received a certificate under Section 224(1B) from the retiring auditors regarding their eligibility for reappointment as the Company's Auditors for the year 2013-14.

**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 thereunder Companies (Particulars of Employees) Rules 1975 for the year 2012-13.

### **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 2012-13.

### **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 cooperation 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**  
Director

**Abdul Hakeem**  
Director

Place: Chennai

Date: 30<sup>th</sup> May 2013

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Scenario and Economic Overview

The financial year 2012-13 had continued to be in despair for the global economy. The Government of India realizes the importance of accelerating investments in infrastructure to boost the country's slowing economy. Therefore, it has set a massive target for doubling investment in infrastructure. The Twelfth Five Year Plan lays special emphasis on development of the infrastructure sector including energy, as the availability of quality infrastructure is important not only for sustaining high growth but also ensuring that the growth is inclusive. This step up in investment will be feasible primarily because of enlarged private-sector participation that is envisaged. Unbundling of infrastructure projects, public private partnerships (PPP), and more transparent regulatory mechanisms have induced private investors to increase their participation in infrastructure sectors.

### Financial Performance

MARG Projects and Infrastructure Limited Company ('MPIL' or 'the Company') is focussing primarily on medium scale projects. It has always looked to adopt class operational processes and trying to promote responsibility in infrastructure development. This is a reason for dip in turnover of the Company from ₹ 2.35 Crores last year to ₹ 1.13 Cores in the Current year.

### Opportunity, Risks and Concerns

The 12<sup>th</sup> Five Year plan envisages an investment in the infrastructure sector of which major portion is expected to come from private sector. The significant increase in plan outlay for power, roads, oil & gas, urban infrastructure and ports will give major boost to the inflow of funds into various segments and consequently provide abundant opportunities for sustaining growth in coming years. The majority of new road projects are expected to be awarded on EPC basis. There will be enormous spending through Public Private Partnership on revamping of existing / development of urban infrastructure over a period of next five years which will provide major opportunities for growth of Construction Industry.

Prices of the construction materials such as steel, cement, sand, aggregates and diesel have increased substantially due to inflationary pressures. Shortage of labor for construction industry in urban area, abnormal increase in labour costs due to major gap in demand and supply of skilled / unskilled labour.

### Outlook

Engineering and Construction is the Company's core business of executing construction work on contract

basis. The business has been extended to include complete engineering, procurement and construction (EPC) services.

### Segmentwise / Productwise Performance

Your Company was operating only in one segment both in terms of business and geographical operations in the year 2012-13. 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

During the year there is no significant increase in the manpower due to adverse market condition and slowdown of company's business.

### 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**  
Director

**Abdul Hakeem**  
Director

Place: Chennai

Date: 30<sup>th</sup> May 2013

## 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 three directors and all directors are Non-Executive out of them two directors are 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 2013 are given below. The details of other directorship have been taken as on 31<sup>st</sup> March 2013.

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	NED/NID	NIL	Nil	Nil	Nil
2	Mr.M Abdul Hakeem	NED/ID	3	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

NED - Non Executive Director; ID – Independent Director; NID – Non Independent Director.

#Resigned from the Board on 14<sup>th</sup> February 2013

\*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, Non-Executive Director**, is a B.E. Civil Engineer by qualification. He has over 29 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 fellow member of Institute of Company Secretaries of India having 11 years of experience in the Secretarial field and legal domain. Along with FCS, 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 2013 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	6	6	Present
Mr. M Abdul Hakeem	6	6	Present
Mr. Gouri Shanker Mishra	6	6	Present
Mr. Sudhir N Shenoy*	6	5	Present

\*Resigned from the Board on 14<sup>th</sup> February 2013

During the financial year 2012-13, SIX Board meetings were held on 30<sup>th</sup> May 2012, 14<sup>th</sup> August 2012, 29<sup>th</sup> September 2012, 12<sup>th</sup> November 2012, 28<sup>th</sup> December 2012 and 14<sup>th</sup> February 2013. 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 2012-13 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 directors out of them two are 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 was the Chairman of the Committee due to is resignation Mr. Gouri Shanker Mishra was appointed as Chairman for the Audit Committee.

**Composition of the Audit Committee and attendance of each member of the Committee are given 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	3
Mr. M Abdul Hakeem	NED/ID/Member	4	4
Mr. Gouri Shanker Mishra	NED/ID/Member	4	4

\*Resigned from the Board on 14<sup>th</sup> February 2013 and Mr. Gouri Shanker Mishra was appointed Chairman in his place w.e.f. 14<sup>th</sup> February 2013

Mr. G. Srinivasa Reddy was inducted as member of the committee

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

During the financial year 2012-13 FOUR meetings of Audit Committee were held on 30<sup>th</sup> May 2012, 14<sup>th</sup> August 2012, 12<sup>th</sup> November 2012 and 14<sup>th</sup> February 2013. 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. M Abdul Hakeem	NED/ID/ Chairman	-	-
Mr. Gouri Shanker Mishra	NED/ID/ Member	-	-
Mr. Sudhir N Shenoy*	NED/ID/ Member	-	-

*\*Resigned from the Board on 14th February 2013 and Mr. G Srinivasa Reddy was appointed in his place w.e.f. 14th February 2013.*

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

During the Financial Year 2012-13, No meeting was held.

**Terms of reference**

**Following are the terms of reference given by the Board of Directors to Remuneration Committee:**

- (a) To decide on the remuneration policy of the managerial personnel.
- (b) To approve of the appointment / reappointment of the managerial personnel for such tenure as they may decide.
- (c) To approve the remuneration package to the managerial personnel within the limits provided in schedule XIII of the Companies Act, 1956 read with other applicable provisions of the said act.