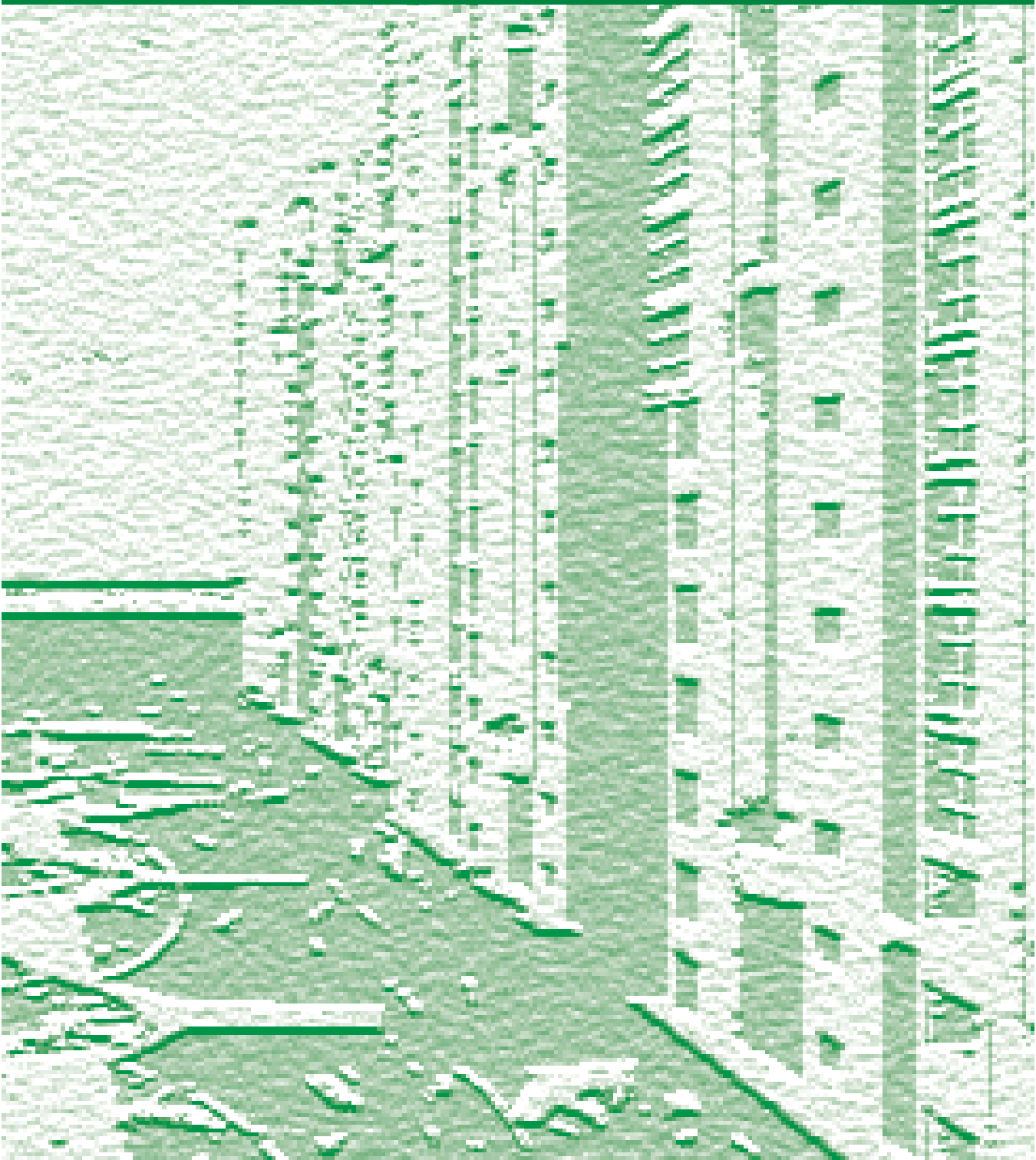


MARG Projects and Infrastructure Limited



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, 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 Nineteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2012.

Financial Highlights

The financial results of the Company for the period ended 31st 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 16th 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 31st July 2012. Upon completion of the tenure he shall be continuing as Non Executive Director w.e.f. 1st 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: 30th 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: 30th 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 31st March 2012 are given below. The details of other directorship have been taken as on 31st 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 31st 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 30th May 2011, 13th August 2011, 30th September 2011, 14th November 2011 and 14th 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 30th May 2011, 13th August 2011, 14th November 2011 and 14th 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	-	-

Number of Meetings held and the dates on which held:

During the Financial Year 2011-12, No meeting was held.

Terms of reference

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

- To decide on the remuneration policy of the managerial personnel.
- To approve of the appointment / reappointment of the managerial personnel for such tenure as they may decide.
- 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.
- Other benefits entitlement viz., accommodation, Insurance, medical expenses reimbursement, Leave Travel Allowance, Company's Car and telephone at residence etc.,
- Such other powers/functions as may be delegated by the Board from time to time.

Remuneration Policy

Company is at par with industry standard in terms of remuneration. The Company provides very competitive salary in accordance with the Industry standard.

Remuneration to Non-Executive Directors

None of the Directors are in receipt of any remuneration during the Financial Year 2011-12.

Remunerations to Executive Director

Mr. G Srinivasa Reddy, Whole Time Director holds office upto 31st July 2012.

Remuneration paid to the Whole Time Director during the year 2011 - 12 is as follows:

₹ In Lacs

Name(s) of Directors(s)	Remuneration	Perquisites	Contribution to PF	Total
Mr. G S Reddy	28.61	-	1.19	29.80

Shareholding of Directors

None of the Directors hold any shares in the Company.

II. Shareholders' / Investors' Grievance Committee

The Board has constituted Shareholders'/ Investors' Grievance committee. The Committee approves the issue of duplicate share certificates and oversees and reviews all matters connected with transfer of securities, non receipt of balance sheet and attending the grievances of the Share holders. The Committee oversees performance of Registrars and Transfer Agents of the Company, and recommends measures for overall improvements in the quality of investor services.

The composition of the Committee and Attendance of each Committee member is given under:

Name(s) of Director(s)	Category/ Status	No. of Meetings held	Meetings attended
Mr. MAbdul Hakeem	NED/ID/ Chairman	4	4
Mr. Gouri Shanker Mishra	NED/ID/ Member	4	3
Mr. Sudhir N Shenoy	NED/ID/ Member	4	4

Number of Meetings held and the dates on which held:

During the financial year 2011-12 Four meetings were held on 17th June 2011, 30th September 2011, 14th February 2012 and 31st March 2012.

Compliance Officer

Mr. Satyaki Praharaj, Company Secretary of the Company resigned from the responsibilities of the Company with effect from 31st March 2012 and Mr. G Srinivasa Reddy, Whole Time Director will take care of the compliances and he was redesignated as Compliance Officer till the appointment of a new Company Secretary.

Investors' Grievance Redressal

As per the certificate received from the Registrar and Share Transfer Agent, during the year there were 5 complaints received from the shareholders and all the 5 Complaints were resolved to the satisfaction of the shareholders

and no complaints were pending at the end of the financial year.

4. Subsidiaries

The Company has incorporated a Wholly Owned Subsidiary Company on 16th 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.

5. General Body Meeting

Date, time and location for the General Meeting of the Company held in last three years:

Year	Date	Time	Venue	No. of Special Resolutions passed
2010 - 11	30 th September 2011	3.00 P.M.	Auditorium of Exemplarr, Worldwide Ltd., 141, Rajiv Gandhi Salai, Kottivakkam, Chennai – 600 041.	1
2009 - 10	30 th September 2010	11.00 A.M.	Auditorium of Exemplarr, Worldwide Ltd., 141, Rajiv Gandhi Salai, Kottivakkam, Chennai – 600 041.	Nil
2008 - 09	30 th September 2009	2.00 P.M.	No.501, Apex Chambers, No.20, Thyagaraya Road, T.Nagar, Chennai – 600 017.	1

6. Postal Ballot

No resolutions were passed by postal ballot during the Financial Year ended 31st March 2012 under review. Further, at present your directors do no foresee any special resolution proposed to be conducted through Postal Ballot. We would be complying with procedural requirements set out below in case we proposes for passing any resolution.

Procedure for Postal Ballot

The Board appoints a Company Secretary in Whole Time Practice, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The printed postal ballot form, instructions regarding postal ballot, resolutions and explanatory statements along with prepaid business reply envelope are sent to the shareholders. Shareholders are given minimum 30 days time to reply regarding their consent for dissent from the date of dispatch of the postal ballot notice. Any receipt subsequent to the specified date are treated as not having been received.

All the postal ballots received back are handed over to the Scrutinizer. The scrutinizer shall maintain a register to record the consent or

otherwise received, providing the particulars of name, address, folio number, number of shares, nominal value of shares etc. The Scrutinizer also maintains a record for postal ballots which are received in defaced or mutilated form.

The Scrutinizer forwards his report to the Chairman or any Director of the Company after the completion of the scrutiny of the postal ballots. The result is announced by the Chairman or any Director of the Company either on any General Meeting or the same is displayed on the notice board of the Company. Company also releases the outcome of the Postal ballot in two newspapers, one in English and one in local vernacular language.

The resolution relating to the item being Ordinary Resolutions is declared as passed if votes cast in favour of the resolution are not less than votes cast against the resolution. The resolution relating to the items being Special Resolutions is declared as passed if votes cast in favour of the resolution are not less than three times the number of the votes cast against the resolution.

7. Disclosures

1. None of the transactions with any of the related parties viz., Promoters, Directors or

the Senior Management or relatives were in conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standard (AS 18) relating to "Related Party Transactions" have been made separately in the Annual Report.

- II. Company has complied with all the requirements of the Listing Agreement entered with Stock Exchanges as well as regulation and guidelines of SEBI. There has been no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets during the last three years.
- III. Company has established Whistle Blower Policy and no personnel is denied the access to the Audit Committee.
- IV. The Company complies with the entire mandatory requirements of Corporate Governance as provided under Clause 49 of the Listing Agreement. The Company has also adopted the non-mandatory requirements of Clause 49 of Listing Agreement. The Disclosure relating to the compliance has been provided separately in this report. The Company has obtained a certificate from its auditors regarding compliance of conditions of Corporate Governance and the certificate is annexed to the Directors' Report.

8. Means of Communication

- I. In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website at www.margprojects.com containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.
- II. The un-audited Financial Results on quarterly basis along with Limited Review Report by the Auditors of the Company are taken on record by the Board of Directors at its meeting as per the Listing requirement for every quarter and

the same are furnished to all the Stock Exchanges where the Company's Shares are listed within fifteen minutes of Close of the Meeting. The same is also updated to website of the Company as information of shareholders. The un-audited Financial Results along with the Limited Review Report by the Auditors are first placed before the Audit Committee. The same along with recommendation of the Committee are forwarded to the Board of Directors for their consideration.

- III. The quarterly results and audited results as per the requirement of Clause 41 are also published within 48 hours in two newspapers, one in English daily, News Today and one in Regional (Tamil) Language, Malai Sudar.
- IV. The quarterly results, shareholding pattern and other mandatory information are available at the website of Company i.e www.margprojects.com for the benefit of the public at large.
- V. The Company places all its official news release on the website of the Company www.margprojects.com.
- VI. Any presentations made to Investors are also uploaded on the website of the Company www.margprojects.com.
- VII. The shareholders can also write to this email id mpil@marggroup.com about their issues also for correspondence.

9. General Shareholder Information:

I. Information about Nineteenth Annual General Meeting

Date and Time: **29th September 2012 at 11:00 A. M.**

Venue:

**Auditorium of Exemplarr Worldwide Limited
141, Rajiv Gandhi Salai
Kottivakkam, Chennai – 600 041**

II. Financial Year

The Financial Year of the Company each year starts with 1st April and ends with 31st March. The

Financial Year 2011-12 started on 1st April 2011 and ended on 31st March 2012. The current Financial Year 2012-13 started on 1st April 2012 and would end on 31st March 2013.

Financial Calendar (Tentative)

First Quarter

30th Jun 2012 : on or before 14th Aug 2012

Second Quarter

30th Sep 2012 : on or before 14th Nov 2012

Third Quarter

31st Dec 2012 : on or before 14th Feb 2013

Fourth Quarter

31st Mar 2013 : on or before 30th May 2013

III. Date of Book Closure

The Register of Member and Share Transfer Books shall be closed for a period of three days starting from 27th September 2012 to 29th September 2012 (Inclusive of Both Days).

IV. Dividend Payment Date

No dividend has been recommend by the Board of Directors for the financial year ended 31st March 2012.

V. Listing on Stock Exchange

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited, Madras Stock Exchange Limited and Bangalore Stock Exchange Limited. Though the Company is also listed with The Hyderabad Stock Exchange Limited and Coimbatore Stock Exchange Limited, both the Exchanges had been de recognized by SEBI.

VI. Stock Code

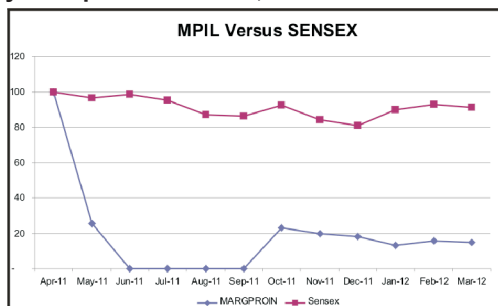
- i) Bombay Stock Exchange Limited
Stock Code: 513648 (For Equity Shares of the Company)
- ii) Madras Stock Exchange Limited
Stock Code: MARGSECUR (For Equity Shares of the Company)

VII. Market Price Data

Year	Month	High (₹)	Low (₹)	Monthly Volume
2011	April	30.95	25.00	5,900
2011	May	26.85	25.55	900
2011	June	-	-	-
2011	July	-	-	-
2011	August	-	-	-
2011	September	-	-	-
2011	October	24.30	23.10	200
2011	November	21.95	19.90	300
2011	December	18.95	18.05	200
2012	January	17.15	12.70	4,700
2012	February	15.52	11.80	6,400
2012	March	15.00	14.75	2,600

VIII. Performance vis a vis Sensex

The Performance of the Company's Shares in BSE in comparison to BSE Sensex during the year is provided below;



Note: The Company's equity share prices at BSE and BSE Sensex indexed to 100 as on 1st April 2011

IX. Registrar and Share Transfer Agents

The Company has appointed M/s Knack Corporate Services Private Limited as Registrar and Share Transfer Agent. Following is the address of Registrar and 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

X. Share Transfer System

The physical transfers are normally processed within 10-15 days from the date of receipt of

documents complete in all respect. Share Transfers in physical form have to be lodged with the Registrar and Transfer Agents.

XI. Distribution of Shareholding as on 31st March 2012

No of Shares held	No of Shareholders	% of Total No of Shareholders	Total Shares held in the Category	% of Shareholding
Upto 500	7,796	96.00%	1,068,316	19.62%
501 and 1000	177	2.18%	130,600	2.40%
1001 and 2000	35	0.43%	51,200	0.94%
2001 and 3000	16	0.20%	38,800	0.71%
3001 and 4000	5	0.06%	18,650	0.34%
4001 and 5000	18	0.22%	87,400	1.61%
5001 and 10000	51	0.63%	407,450	7.48%
10001 & above	23	0.28%	3,642,584	66.90%
Total	8,121	100.00%	5,445,000	100.00%

XII. Dematerialization of Equity Shares and Liquidity

DEMAT ISIN for equity shares is INE942E01017.

The Authorized Capital of the Company is ₹ 150,000,000 comprising of 15,000,000 equity shares of ₹ 10 each. The paid up Capital of the Company as on 31st March 2012 is ₹ 54,450,000 consists of 5,445,000 Equity shares of ₹ 10 each. Out of the above shares, 1,956,918 Equity Shares representing 35.94% are held in physical form and balance 3,488,082 Equity Shares representing 64.06% are held in dematerialised form.

XIII. Outstanding Convertible Instruments

There is no outstanding convertible instrument.

XIV. Plant Location

The Company is not in industrial activity. Hence same is not applicable.

XV. Address for Correspondence

The Registered Office of the Company is situated at following address. Further all correspondence with the Company can be done at following address:

The Compliance Officer
MARG Projects and Infrastructure Limited
501, Apex Chambers, 5th Floor
20, Thyagaraya Road,
T. Nagar, Chennai – 600 017
Phone: 044 – 3221 1955
E-mail: mpil@marggroup.com

For any correspondence in relation to shareholders' grievance the communication would be addressed to the Registrar and 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

Categories of Shareholding as at 31st March 2012

S. No.	Category	No. of Shares Held	Percentage of Shareholding
A	Promoter's Holding		
a	Promoters	2,970,934	54.56
b	Persons acting in Concert	Nil	Nil
	Sub Total	2,970,934	54.56
B	Non Promoters Holding		
a	FII's	Nil	Nil
b	Private Body Corporate	29,900	0.55
c	Indian Public	2,343,816	43.05
d	NRI/OCB	1,350	0.02
e	Others		
	Clearing Members	Nil	Nil
	Hindu Undivided Family	99,000	1.82
f	Shares represented by GDRs	Nil	Nil
	Sub Total	2,474,066	45.44
	Grand Total	5,445,000	100.00

❖ Insider Trading

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 the Company has prescribed a Code of Conduct for prevention of Insider Trading. Directors and employees of the Company comply with Insider Trading Regulations framed by the Company. None of the employee/ director has contravened the regulations during the year.

❖ Reconciliation of Share Capital Audit

SEBI has modified the terminology 'Secretarial Audit' as mentioned in the Circular No. D&CC/FITTC/Cir-16/2002 dated December 31, 2002 to 'Reconciliation of Share Capital Audit' vide Circular No. CIR/MRD/DP/ 30 /2010 dated September 06, 2010. The Reconciliation is being done by a Practicing Company Secretary on quarterly basis for reconciling total admitted capital with NSDL and CDSL and total issued and listed capital. The Company has obtained a Reconciliation of Share Capital Audit Report for all the four quarters during the year ended 31st March 2012 and same has been forwarded to Stock Exchanges. The audit confirms that the total issued/ paid up Capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

❖ Code of Conduct

The Board of MARG Projects and Infrastructure Limited has laid down a code of conduct for all the Board members and the Senior Management personnel. All the Board Members comply with the code of conduct.

❖ CEO/CFO Certification

As required under the Clause 49 of the Listing Agreement a certificate duly signed by Mr.G Srinivasa Reddy, Whole time Director of the Company was placed at the meeting of the Board of Directors of the company and is appended as a Annexure to this report.

XVI. Non Mandatory Requirements**1. The Board:**

The Board of Directors of the Company has not appointed any Chairman. Hence no separate office is maintained.

2. Remuneration Committee:

The Company has constituted a Remuneration Committee; full details are furnished under in this Report.

3. Shareholders Communications:

The Company publishes its quarterly (unaudited), half yearly (unaudited) and annual (audited) result in English newspaper having a wide circulation and in Tamil newspapers having a wide circulation in Tamilnadu respectively.

4. Audit Qualifications:

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

5. Training of Board Members:

The Company's Board of Directors consists of professionals with expertise in their respective field and industry. They endeavour to keep themselves updated with changes in global economy & legislation. They attend various workshops and seminars to keep themselves abreast with the changing business environment. The company briefs its directors the risk profile of the business parameters of the company so as to make them effectively discharge their responsibilities as directors.

6. Mechanism for evaluating Non-Executive Board Members:

The Company has adopted a policy for evaluation of Non-Execution Board Members primary based on the attendance and few other

factors including contribution at the Board Meeting and at Audit Committee Meeting of the Board.

7. Whistle Blower Policy:

The Company has adopted Whistle Blower Policy. All the employees have the access to Board and Audit Committee. Further Board/Audit Committee ensure that no victimization is done to such employee.

For and on behalf of the Board of Directors

G Srinivasa Reddy
Whole Time Director

Sudhir N Shenoy
Director

Place: Chennai
Date: 30th May 2012

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Executive Director. In addition, the Company has adopted the Code of Conduct for its Non-Executive Directors.

I confirm that the Company has in respect of the financial year ended 31st March 2012 received from the Senior Management Personnel of the Company and the Members of the Board a declaration of compliance with the code of conduct as applicable to them.

For and on behalf of the Board of Directors

G Srinivasa Reddy
Whole Time Director

Place: Chennai
Date: 30th May 2012

Whole Time Director Certification

To
The Board of Directors,
MARG Projects and Infrastructure Limited

I, G Srinivasa Reddy, Whole Time Director of the Company responsible for the finance function certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2012 and that to the best of our knowledge and belief :
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year ended 2011-12 are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept the responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee
 - (i) There were no significant changes in internal controls during the year 2011-12;
 - (ii) There has not been any significant change in accounting policies during the year 2011-12; and
 - (iii) There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.

Place : Chennai
Date : 30th May 2012

G Srinivasa Reddy
Whole Time Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of MARG PROJECTS AND INFRASTRUCTURE LIMITED

1. We have examined the compliance of conditions of Corporate Governance of MARG Projects and Infrastructure Limited, for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. The Compliance of Conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion, and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For K RAMKUMAR & CO.,
Chartered Accountants
Firm Reg. No : 02830S**

**R M V BALAJI
Partner
M.No : 27476**

Place : Chennai
Date : 30th May 2012

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
MARG PROJECTS AND INFRASTRUCTURE LIMITED**

1. We have audited the attached Balance Sheet of **MARG PROJECTS AND INFRASTRUCTURE LIMITED** as on 31st March 2012 and also the Profit & Loss Account and Cash Flow Statement for the year ended 31st March 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent they are applicable to this Company.
4. Further to the comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge were necessary for the purpose of our Audit.
 - b. In our opinion, proper Books of Accounts as required by law have been kept by the Company so far as it appears from our examination of the books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts of the Company.
 - d. According to the best of our information and explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in accordance with the accounting standards referred to u/s 211(3C) of the Companies Act, 1956.
 - e. On the basis of the written representations received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2012 from being appointed as a director in terms of Section (g) of subsection (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes give the information required by the Companies Act, 1956 in the manner as required and give a true and fair view :
 - i. in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March 2012;
 - ii. in the case of Profit and Loss Account of the Profit for the year ended 31st March 2012; and
 - iii. in the case of Cash Flow Statement, of the Cash Flows for the year ended 31st March 2012.

**For K RAMKUMAR & Co.,
Chartered Accountants
Firm Reg. No : 02830S**

**R M V Balaji
Partner
M.No : 27476**

Place : Chennai
Date : 30th May 2012

**ANNEXURE TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 3
OF OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF
MARG PROJECTS AND INFRASTRUCTURE LIMITED**

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to the information and explanation given to us the fixed assets have been physically verified by the management at the end of the financial year. No Material discrepancies were noticed on such verification.
- c) No substantial parts of fixed assets have been disposed off during the year.
2. a) As explained to us, physical verification of inventory has been conducted by the management, at the end of the year.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company is maintaining proper records of inventory and the discrepancies noticed on verification between physical stocks and book stocks were not material.
3. The Company has not taken/granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the explanation given to us there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for the sale of goods & services.
5. a) According to the information and explanations given to us, in our opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- b) In our opinion and according to the information and explanations given to us the transaction in pursuance of contracts or arrangements entered in the register maintained U/s 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at rates or value which are reasonable having regard to the prevailing market rates or values at the relevant time.
6. The Company has not accepted any deposits from the public in terms of provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.
8. We have been informed that the Central Government has not prescribed the maintenance of Cost Records under the provisions of Section 209(1)(d) of the Companies Act, 1956.
9. a) According to the information and explanation given to us and on the basis of our examination of the books of accounts, the company has been generally, regular in depositing undisputed statutory dues including Provident Fund, Income Tax and other statutory dues during the year with the appropriate authorities excepting a few instances of delay. There were no undisputed dues as at 31st March 2012, payable for a period of more than six months from the date they become payable.
- b) There are no disputed amount of statutory dues which have not been deposited with the concerned authorities.
10. The Company does not have accumulated losses exceeding fifty percent of its net worth. The Company has not incurred cash

losses during the financial year covered by our audit and the immediately preceding financial year.

11. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
14. In our opinion and according to information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
15. The Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society.
16. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
17. According to the information and explanations and on an overall examination of the Balance Sheet of the Company we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained U/s 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year and therefore paragraph 4(xix) of the Order is not applicable.

20. The Company did not raise any proceeds during the year through public issue of any of its securities.

21. According to the information and explanations given to us, there were no cases of fraud on or by the Company noticed or reported during the year.

For K RAMKUMAR & Co.,
Chartered Accountants
Firm Reg. No : 02830S

R M V Balaji
Partner
M.No : 27476

Place : Chennai

Date : 30th May 2012

BALANCE SHEET

PARTICULARS	Note	As At 31-Mar-2012 ₹	As At 31-Mar-2011 ₹
EQUITY AND LIABILITIES			
SHAREHOLDERS FUNDS			
Share Capital	2	54,450,000	54,450,000
Reserves & Surplus	3	140,859,513	138,149,694
NON-CURRENT LIABILITIES			
Deferred Tax Liability (Net)	4	777,839	937,772
Long-Term Provisions	5	471,957	544,601
CURRENT LIABILITIES			
Short-Term Borrowings	6	-	3,829,176
Trade Payables	7	14,065,358	42,959,418
Other Current Liabilities	8	4,205,230	321,677,493
Short-Term Provisions	9	595,460	654,493
		215,425,357	563,202,647
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets:	10		
Tangible Assets		32,692,348	39,422,202
Non-Current Investments	11	16,480,100	16,480,100
CURRENT ASSETS			
Inventories	12	-	434,583
Trade Receivables	13	40,606,445	59,339,799
Cash & Cash Equivalents	14	706,835	4,196,970
Short-Term Loans & Advances	15	124,939,629	443,328,993
		215,425,357	563,202,647

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

As per our Report of even date attached
For K RAMKUMAR & CO.,
Chartered Accountants
Firm Reg. No : 02830S

For and on behalf of Board of Directors

R M V BALAJI
Partner
Mem. No : 27476

G SRINIVASA REDDY
Whole Time Director

SUDHIR N SHENOY
Director

Place : Chennai
Date : 30-May-2012

PROFIT & LOSS ACCOUNT

PARTICULARS	Note	Year Ended 31-Mar-2012 ₹	Year Ended 31-Mar-2011 ₹
INCOME			
Revenue from Operations	16	20,845,847	245,687,289
Other Income	17	2,645,957	101,663
		23,491,804	245,788,952
EXPENDITURE			
Cost of Projects \ Operating Expenses	18	6,342,917	213,205,103
Employee Benefit Expenses	19	5,991,837	16,183,985
Finance Costs	20	95,248	1,937,485
Depreciation	10	6,729,854	8,367,803
Other Expenses	21	1,206,999	2,834,039
		20,366,855	242,528,415
PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		3,124,949	3,260,537
Exceptional Items		-	-
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		3,124,949	3,260,537
Extraordinary Items		-	-
PROFIT BEFORE TAX		3,124,949	3,260,537
TAX EXPENSE			
Current Tax		575,063	634,096
Deferred Tax	22	(159,933)	(4,911)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS (A)		2,709,819	2,631,352
Profit from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
PROFIT FOR THE PERIOD FROM DISCONTINUING OPERATIONS (B)		-	-
PROFIT FOR THE PERIOD (A+B)		2,709,819	2,631,352
EARNINGS PER SHARE			
Basic (Face Value ₹ 10/-)		0.50	0.48
Diluted (Face Value ₹ 10/-)		0.50	0.48

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

As per our Report of even date attached

For K RAMKUMAR & CO.,
Chartered Accountants
Firm Reg. No : 02830S

For and on behalf of Board of Directors

R M V BALAJI
Partner
Mem. No : 27476

G SRINIVASA REDDY
Whole Time Director

SUDHIR N SHENOY
Director

Place : Chennai
Date : 30-May-2012

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

1.1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- a. The financial statements are prepared under historical cost convention on accrual basis and going concern concept and materially comply with Accounting Standards (AS) as mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.
- b. The Company is a non small and medium sized company (Non-SMC) as defined in the General Instructions relating to Accounting Standards notified and accordingly the Company has complied with the Accounting Standards as applicable to Non-SMC.
- c. Use of Estimates: The preparation of financial statements requires the Management of the Company to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statement & reported income & expenses during the reporting period. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provisions for income taxes, useful life of fixed assets, accounting for work executed etc.

1.2. REVENUE RECOGNITION

All Income and Expenses have been recognized on accrual system of accounting.

1.3. FIXED ASSETS & DEPRECIATION

- a. The Fixed Assets are stated at cost of acquisition including interest paid on specific borrowings up to the date of acquisition / installation of the assets and improvement thereon less depreciation.
- b. Depreciation is provided on fixed assets, on written down value method, on pro-rata basis as per the rates specified in Schedule XIV of the Companies Act, 1956.

- c. Cost of assets not put to use before the year end are shown under Capital Work - in - Progress.
- d. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset or recoverable amount of the cash generating divisions which the assets belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and recognized in the profit and loss account.

1.4. OPERATING LEASES

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Leases of assets under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are charged to profit and loss account on straight line basis over the lease term.

1.5. VALUATION OF CLOSING STOCK

- a. Raw Material: Raw Material, Stores and Spares are valued at Cost. Cost comprises all costs of purchase.
- b. Work-in-progress: Work-in-progress is valued at cost or the contract rates whichever is lower.
- c. Completed projects: Completed Projects are valued at cost or net realizable value, whichever is less.

1.6. INVESTMENTS

Investments are classified as long-term and current investments. Long-term investments are shown at cost or written down value (in case of other than temporary diminution) and current Investments are shown at cost or market value whichever is lower.

1.7. EMPLOYEE BENEFITS**a. Short Term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the bonus, exgratia are recognized in the period in which the employee renders service.

b. Post employment benefits

- **Provident Fund**

The Company's contribution to Provident Fund is deposited with the Regional Provident Fund Commissioner and is charged to Profit and Loss account every year.

- **Gratuity**

The Company is having Defined Benefit plan for the Gratuity and the provision is made based on actuarial valuation in accordance with the AS 15 of The Institute of Chartered Accountants of India.

- **Leave Encashment**

Provision for leave encashment in respect of unavailed leave standing to the credit of employees is made on actuarial basis in accordance with AS 15 of The Institute of Chartered Accountants of India.

1.8. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present

obligation that may, but probably not, require an outflow of resources. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognized nor disclosed.

1.9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

1.10. TAX ON INCOME

- The accounting treatment for income Tax in respect of company's income is based on the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax on income for the current period is determined on the basis of Taxable Income computed in accordance with the provisions of the Income Tax Act, 1961.
- Deferred Tax on timing differences between the accounting income and taxable income for the year is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

1.11. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are considered as part of the cost of the asset/project. All the other borrowing costs are treated as period cost and charged to Profit and Loss account in the year in which they are incurred.

NOTE 2 : SHARE CAPITAL

2.1 Authorised, Issued, Subscribed and Paid up Capital

Particulars	As At 31-Mar-12 Nos.	As At 31-Mar-11 Nos.	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
(A) Authorised Capital Equity Shares of ₹ 10/- each	15,000,000	150,000,000	15,000,000	150,000,000
(B) Issued, Subscribed and Paid up Capital Equity Shares of ₹ 10/- each	5,445,000	54,450,000	5,445,000	54,450,000
2.2 Reconciliation of number of Equity Shares Outstanding				
Shares Outstanding at the beginning of the year	5,445,000	5,445,000		
Add : Shares Issued during the year	-	-		
Shares Outstanding at the end of the year	5,445,000	5,445,000		

2.3 Details of Shareholders holding more than 5% Equity Shares

S. No.	Name of Shareholders	As At 31-Mar-12		As At 31-Mar-11	
		Nos.	%	Nos.	%
a.	Mr G R K Reddy	2,233,640	41.02%	2,233,640	41.02%
b.	Mrs V P Rajini Reddy	462,800	8.50%	462,800	8.50%
c.	Mr Raghava Reddy	274,494	5.04%	274,494	5.04%

NOTE 3 : RESERVES & SURPLUS

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
3.1 Securities Premium Account:		
Opening Balance	27,639,795	27,639,795
Add: Addition during the year	-	-
	27,639,795	27,639,795
3.2 General Reserve:		
Opening Balance	545,000	545,000
Add : Transferred from the Profit and Loss Account	-	-
	545,000	545,000
3.3 Profit & Loss Account:		
Opening Balance	109,964,899	107,333,547
Add : Profit for the Year	2,709,819	2,631,352
Closing Balance	112,674,718	109,964,899
	140,859,513	138,149,694
NOTE 4: DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	777,839	937,772
	777,839	937,772
NOTE 5: LONG-TERM PROVISIONS		
Provision for employee benefits		
Gratuity	334,082	399,195
Leave Encashment	137,875	145,406
	471,957	544,601

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
NOTE 6 : SHORT-TERM BORROWINGS		
Secured Short-term Loans:		
From Banks & Financial Institution:		
Secured by way of charge on hypothecation of inventories, advances and receivables of specified projects and fixed deposit receipts	-	3,829,176
	-	3,829,176
NOTE 7 : TRADE PAYABLE		
Trade Payables	14,065,358	42,959,418
	14,065,358	42,959,418
NOTE 8 : OTHER CURRENT LIABILITIES		
Other Payables		
Advances from Customers	96,880	319,112,660
Expenses Payable	1,662,851	1,096,224
Statutory Dues	2,227,053	1,468,609
Due to Directors	218,446	-
	4,205,230	321,677,493
NOTE 9 : SHORT-TERM PROVISIONS		
Others:		
Income Tax	595,460	654,493
	595,460	654,493

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 : FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As At 31-Mar-11 ₹	Additions ₹	Deductions/ Transfers ₹	As At 31-Mar-12 ₹	Upto 31-Mar-11 ₹	For the Year ₹	Deductions/ Transfers ₹	Upto 31-Mar-12 ₹	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
TANGIBLE ASSETS										
Plant & Machinery	52,896,746	-	-	52,896,746	13,777,171	6,615,512	-	20,392,683	32,504,063	39,119,575
Computer	470,430	-	-	470,430	196,312	109,648	-	305,960	164,470	274,118
Office Equipments	12,000	-	-	12,000	898	1,544	-	2,442	9,558	11,102
Furnitures & Fittings	25,320	-	-	25,320	7,913	3,150	-	11,063	14,257	17,407
Total	53,404,496	-	-	53,404,496	13,982,294	6,729,854	-	20,712,148	32,692,348	39,422,202
Previous Year	51,885,856	1,518,640	-	53,404,496	5,614,491	8,367,803	-	13,982,294	39,422,202	46,271,365

NOTE 11 : NON-CURRENT INVESTMENTS

Investments in Equity Instruments (Shares) (Non-Quoted, Non-Trade, Stated at Cost)

In Other Companies	Face Value	No. of Shares		As At	As At
		31-Mar-12	31-Mar-11	31-Mar-12 ₹	31-Mar-11 ₹
MARG Capital Markets Ltd	10	100,000	100,000	1,000,000	1,000,000
MARG Realities Limited	10	963,010	963,010	9,630,100	9,630,100
MARG Digital Infrastructure Pvt Ltd	10	585,000	585,000	5,850,000	5,850,000
				16,480,100	16,480,100

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
NOTE 12 : INVENTORIES		
Inventories		
Stock of Materials at Site	-	434,583
	-	434,583
NOTE 13 : TRADE RECEIVABLES		
Unsecured and considered good		
Outstanding for more than 6 months	33,229,326	36,163,131
Others	7,377,119	23,176,668
	40,606,445	59,339,799
NOTE 14 : CASH & CASH EQUIVALENTS		
Cash Balance	168,379	333,314
Balances with Banks		
In Current Accounts	538,456	3,863,656
	706,835	4,196,970
NOTE 15 : SHORT-TERM LOANS & ADVANCES		
(Unsecured and considered good)		
Others		
Advances to Suppliers	4,462,716	4,840,950
Advances to Staff	102,057	164,557
Other Advances Recoverable	104,715,112	406,888,378
Prepaid Expenses	3,608	-
Prepaid Taxes	12,744,803	28,529,775
Security Deposits	2,911,333	2,905,333
	124,939,629	443,328,993

Particulars	Year Ended 31-Mar-12 ₹	Year Ended 31-Mar-11 ₹
NOTE 16 : REVENUE FROM OPERATIONS		
Income from Operations	20,845,847	245,687,289
	20,845,847	245,687,289
NOTE 17 : OTHER INCOME		
Interest Income	2,629,673	66,663
Miscellaneous Income	16,284	35,000
	2,645,957	101,663

Particulars	Year Ended 31-Mar-12 ₹	Year Ended 31-Mar-11 ₹
NOTE 18 : COST OF PROJECTS / OPERATING EXPENSES		
Opening Stock		
Stock of Materials at Site	434,583	22,975,200
Add: Expenditure on Projects / Operating Expenses	5,908,334	190,664,486
Closing Stock		
Stock of Materials at Site	-	434,583
	6,342,917	213,205,103
NOTE 19: EMPLOYEE BENEFIT EXPENSES		
Salaries & Allowances	2,316,486	12,756,537
Remuneration to Director	2,980,044	2,808,036
Contribution to Funds	90,157	602,179
Recruitment & Training Expenses	3,500	281,952
Staff Welfare Expenses	440,031	931,221
Retirement Benefits	161,619	(1,195,940)
	5,991,837	16,183,985
NOTE 20 : FINANCE COSTS		
Interest	95,248	1,937,485
	95,248	1,937,485
NOTE 21 : OTHER EXPENSES		
Rates & Taxes	13,200	32,606
Communication Cost	44,347	217,292
Electricity Charges	-	10,530
Traveling and Conveyance	26,629	562,557
Repairs & Maintenance	31,424	653,200
Secretarial Expenses	219,353	175,928
Advertisement & Business Promotion	-	20,000
Printing & Stationery	266,807	306,246
Payment to Auditors		
- As Auditor	112,360	110,300
- Taxation Matters	27,575	27,575
- Other Services	19,560	-
Insurance Premium	88,426	116,100
Legal & Professional Charges	85,811	262,487
Listing Fee	76,107	72,798
General Expenses	71,808	5,293
Office Maintenance	-	65,337
Vehicle Maintenance	-	5,859
Prior Period Items	120,000	159,614
Bank Charges	3,592	30,317
	1,206,999	2,834,039
NOTE 22 : DEFERRED TAX EXPENSE (INCOME)		
Deferred Tax Liability for the year	(159,933)	(4,911)
	(159,933)	(4,911)

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
NOTE 23 : CONTINGENT LIABILITIES :		
Estimated amount of liability on capital contracts	-	-
Other Contingent Liabilities	-	-
	-	-

NOTE 24 : DEFERRED TAX LIABILITY :

As per the Accounting Standard (AS 22) laid down by the Institute of Chartered Accountants of India, the Company is required to make a provision for deferred tax liability.

During the year an amount of ₹ 159,933 has been written back for deferred tax assets from the profits of the current year. The deferred tax liability outstanding as on 31st March 2012 is ₹ 777,839 the details of which are as follows:

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Outstanding Deferred Tax Liability as at the beginning of the year	937,772	942,683
Timing Difference on account of Depreciation	(159,933)	(4,911)
Outstanding Deferred Tax Liability as at the end of the year	777,839	937,772

NOTE 25 : OPERATING LEASES:

Total rental charges under cancelable operating lease was ₹ 240,000/- (Previous year ₹ 240,000/-)

NOTE 26 : INFORMATION UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.

NOTE 27 : EMPLOYEE BENEFITS
A. Gratuity

- i) The Company does not maintain any fund to pay for Gratuity

- ii) Amount recognized in the Profit and Loss Account is as under:

Description	Year Ended 31-Mar-12 ₹	Year Ended 31-Mar-11 ₹
Current service cost	57,159	70,964
Interest Cost	31,936	76,864
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(154,208)	(815,510)
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost – vested benefits	-	106,082
Expenses recognized in the statement of profit and loss`	(65,113)	(561,600)

- iii) Movement in the liability recognized in the Balance Sheet during the year:

Description	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Opening net liability	399,195	960,795
Expense as above	(65,113)	(561,600)
Contribution paid	-	-
Closing net liability	334,082	399,195

- iv) Net Assets/Liability in the Balance Sheet as at 31st March, 2012

Description	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Present value of the obligation	334,082	399,195
Fair value of plan assets	-	-
Difference	334,082	399,195
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	334,082	399,195

- v) For determination of Gratuity liability of the Company the following actuarial assumptions were used:

Description	Year Ended 31-Mar-12 ₹	Year Ended 31-Mar-11 ₹
Discount Rate	8%	8%
Salary escalation rate	8%	8%
Attrition rate	4%	4%
Expected rate of return on Plan Assets	0%	0%

B. Leave Encashment

i) The Company doesn't maintain any fund to pay for leave encashment

ii) Amount recognized in the Profit and Loss Account is as under:

Description	Year Ended 31-Mar-12 ₹	Year Ended 31-Mar-11 ₹
Current service cost	33,875	24,905
Interest Cost	11,632	69,124
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(53,038)	(812,676)
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost – vested benefits	-	-
Expenses recognized in the statement of profit and loss	(7,531)	(718,647)

iii) Movement in the liability recognized in the Balance Sheet during the year:

Description	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Opening net liability	145,406	864,053
Expense as above	(7,531)	(718,647)
Contribution paid	-	-
Closing net liability	137,875	145,406

iv) Net Assets/Liability in the Balance Sheet during the year

Description	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Present value of the obligation	137,875	145,406
Fair value of plan assets	-	-
Difference	137,875	145,406
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	137,875	145,406

v) For determination of Leave encashment liability of the Company the following actuarial assumptions were used:

Description	Year Ended 31-Mar-12 ₹	Year Ended 31-Mar-11 ₹
Discount Rate	8%	8%
Salary escalation rate	8%	8%
Attrition rate	4%	4%
Expected rate of return on Plan Assets	0%	0%

NOTE 28 : SEGMENTAL REPORTING

As the Company has been operating only in one segment both in terms of business and geographical operations, segmental reporting in terms of Accounting Standard 17 is not applicable.

NOTE 29: RELATED PARTIES DISCLOSURES

a) Key Managerial Personnel (KMP)

G S Reddy – Whole Time Director

b) Individuals having significant influence on the Company:

i) G R K Reddy

ii) V P Rajini Reddy

c) Entities over which individual having significant influence having exercise control

i) MARG Limited

d) Particulars of transaction with the related parties during the year in the ordinary course of the business

Particulars	KMP		Individuals having Significant Influence		Entities over which Individuals having Significant control	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue from Operations	-	-	-	-	6,824,726	-
Remuneration	2,980,044	2,808,036	-	-	-	-
Balance as on						
Trade Receivable	-	-	-	-	7,377,119	-
Remuneration	218,446	-	-	-	-	-

NOTE 30 : EARNINGS PER SHARE (EPS)

S. No.	Particulars	Year Ended 31-Mar-12 ₹	Year Ended 31-Mar-11 ₹
a.	Profit After Tax (₹)		
	For Basic	2,709,819	2,631,352
	For Diluted	2,709,819	2,631,352
b.	Weighted average number of equity shares (Nos)		
	For Basic	5,445,000	5,445,000
	For Diluted	5,445,000	5,445,000
c.	Earning Per Share (₹)		
	Basic	0.50	0.48
	Diluted	0.50	0.48
d.	Nominal Value Per Share (₹)	10	10

NOTE 31 : PRESENTATION OF PREVIOUS YEAR'S FIGURES

Previous year's figures have been regrouped / reclassified / rearranged wherever necessary to bring them in conformity with the current year figures.

As per our Report of even date attached

For K RAMKUMAR & CO.,
Chartered Accountants
Firm Reg. No : 02830S

R M V BALAJI
Partner
Mem. No : 27476

Place : Chennai
Date : 30-May-2012

For and on behalf of Board of Directors

G SRINIVASA REDDY
Whole Time Director

SUDHIR N SHENOY
Director

AUDITORS' REPORT ON CASH FLOW STATEMENT

We have examined the Cash Flow Statement of **MARG Projects and Infrastructure Limited** for the year ended 31st March 2012. The Statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing Agreement entered with Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of even date to the Members of the Company.

For K RAMKUMAR & Co.
Chartered Accountants
Firm Reg. No : 02830S

R M V BALAJI
Partner
M.No : 27476

Place : Chennai
Date : 30th May 2012

CASH FLOW STATEMENT

S.No.	PARTICULARS	Year Ended 31-Mar-2012 ₹	Year Ended 31-Mar-2011 ₹
A	Cash Flows from Operating Activities:		
	Net Profit before Taxation and Extraordinary Item	3,124,949	3,420,151
	Adjustments for :		
	Depreciation	6,729,854	8,367,803
	Finance Cost (Net)	95,248	1,937,298
	Operating Profit before Working Capital Changes	9,950,051	13,725,252
	(Increase) Decrease in Inventories	434,583	22,540,617
	(Increase) Decrease in Trade Receivables	18,733,354	(59,339,799)
	(Increase) Decrease in Short-term Loans & Advances	302,515,766	286,461,667
	Increase (Decrease) in Trade Payable	(28,894,060)	(85,376,947)
	Increase (Decrease) in Other Current Liabilities	(317,472,263)	(136,191,485)
	Increase (Decrease) in Short-Term Provisions	(59,033)	(4,942,235)
	Increase (Decrease) in Long-Term Provisions	(72,644)	(1,280,247)
	Cash Generated from Operations	(14,864,246)	35,596,823
	Income Tax (Paid) Refund	15,298,535	(4,983,549)
	Cash Flow before Extraordinary Items	434,289	30,613,274
	Adjustment for Extraordinary Items	-	159,614
	Net Cash from Operating Activities (A)	434,289	30,453,660
B	Cash Flows from Investing Activities:		
	Purchase of Fixed Assets	-	(1,518,640)
	Net Cash from Investing Activities (B)	-	(1,518,640)
C	Cash flow from Financing Activities:		
	Proceeds from Short Term Borrowings (Net)	(3,829,176)	(24,478,065)
	Finance Cost Paid (Net)	(95,248)	(1,937,298)
	Net Cash used in Financing Activities (C)	(3,924,424)	(26,415,363)
	Net Increase in Cash and Cash Equivalents (A+B+C)	(3,490,135)	2,519,657
	Cash and Cash Equivalents at beginning of Period	4,196,970	1,677,313
	Cash and Cash Equivalents at end of Period	706,835	4,196,970

As per our Report of even date attached
For K RAMKUMAR & CO.,
Chartered Accountants
Firm Reg. No : 02830S

For and on behalf of Board of Directors

R M V BALAJI
Partner
Mem. No : 27476

G SRINIVASA REDDY
Whole Time Director

SUDHIR N SHENOY
Director

Place : Chennai
Date : 30-May-2012

BALANCE SHEET ABSTRACT

Information required under Part IV of schedule VI of the Companies Act, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE Information required under Part IV of the Companies Act, 1956

I. Registration Details

CIN No. L65991TN1993PLC025252

State Code: 18

Balance Sheet Date: 31st March 2012

II. Capital raised during the year

(Amount in Rupees Thousands)

a) Public Issue: Nil

b) Rights Issue: Nil

b) Bonus Issue: Nil

d) Private Placement: Nil

III. Position of Mobilization and Deployment of funds (Amount in Rupees Thousands)

a) Total Liabilities: 215,425.36

b) Total Assets: 215,425.36

Equity & Liabilities (Amount in Rupees Thousands)

a) Paid up capital: 54,450.00

b) Reserves & Surplus: 140,859.51

c) Non-Current Liabilities : 1,249.80

d) Current Liabilities : 18,866.05

Assets (Amount in Rupees Thousands)

a) Net Fixed Assets: 32,692.35

b) Non-Current Investments : 16,480.10

c) Current Assets : 166,252.91

d) Accumulated Losses : Nil

IV. Performance of Company (Amount in Rupees Thousands)

a) Turnover: 23,491.80

b) Total Expenditure: 20,366.86

c) Profit/Loss before Tax: 3,124.95

d) Profit/Loss after Tax : 2,709.82

e) Earning per Share in ₹ : 0.50

f) Dividend rate: Nil

V. Generic Names of Three Principal Products/Services of Company (as per Monetary terms)

a) Item Code No: DIVISION 45

b) Product Description: Construction