

MARG Projects and Infrastructure Limited

(Formerly Marg Holdings & Financial Services Limited)



ANNUAL REPORT
2007-08

BOARD OF DIRECTORS

Mr. G. Srinivasa Reddy
Mr. G. Ravi Sankar Reddy
Mr. M. Abdul Hakeem

COMPANY SECRETARY

Mr. Satyaki Praharaj

AUDITORS

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

BANKERS

Syndicate Bank

REGISTERED OFFICE

501, Apex Chambers, 5th Floor,
No. 20, Thayagaraya Road,
T. Nagar, Chennai – 600 017.
Phone: 044 – 2434 0727/28
E-Mail: margholdings@sify.com

REGISTRAR AND SHARE TRANSFER AGENTS

M/s Knack Corporate Services Private Limited
New No.97, Old No.43,
Veera Perumal Kovil Street,
Mylapore, Chennai – 600 004
Phone : 044 – 65254632
E-Mail : corserinvst@yahoo.co.in

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DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2008.

Objects & Name change

Your Company decided to change its objects so as to take up some other business, which under the existing circumstances can be conveniently and advantageously combined with the business of the Company. Accordingly, your company amended the objects so as to include the objects to carry on the business of builders & contractors, dealing in real estates. It further included object for setting up of infrastructural facilities, industrial projects, tourism projects, etc. Your Company deleted few object pertaining to the business of Non Banking Financial Activity from its objects. The amendment in objects of the Company was approved by the share holders through postal ballot on 25th September 2007.

In order to reflect the new objects of the Company in the name of the Company, your Company obtained the approval of shareholders for change of its name at their last Annual General Meeting. Subsequent to approval of Registrar of Companies, the name of Company stood changed to MARG Projects and Infrastructure Limited from Marg Holdings and Financial Services Limited w.e.f 28th November 2007.

Financial Highlights

The financial results of the Company for the period ended 31st March 2008 is summarized as below

| | (Rs) | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2008 | Year ended 31.03.2007 |
| Income from Operations | 2,247,200 | 378,000 |
| Non-operating Income | 96,278,302 | 349,101 |
| Total Income | 98,525,502 | 727,101 |
| Expenditure | 4,862,157 | 226,145 |
| Gross Profit (Loss) (before depreciation, interest and tax) | 93,663,345 | 500,956 |
| Interest & Finance Charges | 9,230 | 4,896 |
| Depreciation | - | 395,391 |
| Profit (Loss) before Tax | 93,654,115 | 100,669 |
| Provision for Income Tax | 11,701,979 | 0.00 |
| Profit (Loss) after Tax | 81,952,136 | 100,669 |
| Brought Forward Profit (Loss) | (18,438,731) | (18,539,400) |
| Balance Carried to Balance Sheet | 63,513,405 | (18,438,731) |

Business Operations Overview and Future Prospects

The year 2007-08 has been eventful for the Company in multiple facets. The Company abandoned its certain objects and added new objects. Company also changed its name to suit new business. Your Company has decided to focus presently in projects and infrastructure development.

To meet the financial resources for these objects, your Company started unlocking the value of its long term investments. Company started selling its only quoted investment after shareholders approved the change of the objects. In the financial year 2007-08, your company sold 3.07 Lacs equity shares of MARG Limited and realized net amount of Rs. 9.85 Crore from such sale.

Your directors are pleased to inform you that, your Company has secured two major contracts of construction projects and allied works. Your Company has secured the contract of Rs. 127 Crores and Rs 131 Crores from M/s New Chennai Township Private Limited for its Special Economic Zone, "Swarnabhoomi". Your Company would be doing all the civil and other allied works as a contractor for M/s New Chennai Township Private Limited for its IT/MS Building and Residential Building. Other than above two contracts, your Company is executing also executing few smaller contracts presently to start with. Your Company has also advanced some money for the acquisition of the property.

Your Company expects that next financial year 2008-09 would prove a turnaround around for your Company. The contract executed with M/s Fresh Lime Communications Private Limited would be completed in short time. The contract executed with M/s New Chennai Township Private Limited would be completed within 31st March 2010. Your directors are looking forward for other avenues including acquisition of certain properties.

Dividend

Your Company has reorganized its business operation. The money realized by sale of investment would be utilized in these operations. Accordingly, with a view to conserve resources

and reserve cash for these operations, your Directors do not recommend any dividend for the year.

Opportunities and Challenges

Your Company has entered into new arena of the business of projects and infrastructure development. These industries are poised for huge growth for several years to support the GDP growth of India. The Government of India has estimated the GDP to grow approximately at 9% for the financial year 2008-09. Accordingly, your Directors expect huge opportunity in these areas.

The Company has already secured huge value of contract and operational income is expected to grow multifold. Your Directors are confident that the contract secured by Company would yield it a very good return. Your company has also advanced some money for the purpose of acquisition of property which would create good earning for the Company.

Business risks are evident in any business. However, your Company has tried to mitigate the risk. Among other, competition from market, increases in cost of raw material are the major challenges. However, easy accesses to technical expertise available with its group companies are advantages enjoyed by company.

Listing of Shares

Your Company's shares are listed in Bombay Stock Exchange Limited, Madras Stock Exchange Limited, Hyderabad Stock Exchange, Bangalore Stock Exchange, and Coimbatore Stock Exchange. The shares of your Company enjoy trading at all the stock exchanges other than Bombay Stock Exchange Limited. The Company is taking required steps to revoke the suspension of trading from Bombay Stock Exchange Limited and expects to get the revocation of suspension shortly.

Delisting of Shares from some Stock Exchanges

In recent years, with the formation of the two depositories, viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and nationwide terminal of Bombay Stock Exchange and National Stock Exchange, the regional stock exchanges have lost the importance. Further, Securities and Exchange Board of India (SEBI) has notified most

of the listed securities to be compulsorily traded/ settled in dematerialized/electronic form. This has made a massive shift of trading operations by the investors to the automated, networked exchanges. These factors in combination have resulted in extremely low volume of transactions across all the Stock Exchanges which have no nation wide trading platform. Your Company's shares also face the same problem with no trading in these stock exchanges for years together.

Taking into account these developments, the Securities and Exchange Board of India has formulated its SEBI (Delisting of Securities) Guidelines, 2003 providing listed corporate an exit route for delisting securities from stock exchanges subject to compliance with the stipulated procedure, which, inter alia, provides that the Company should continue to list its securities on a Stock Exchange having nation-wide trading terminals (like Bombay Stock Exchange Limited). The Board of Directors of the Company has, therefore, recommended for members approval, the proposal to voluntarily delist the Company's equity shares from all stock exchanges except the Bombay Stock Exchange Limited and Madras Stock Exchange Limited, subject to requisite statutory approvals.

Fixed Deposits

The Company has not accepted any Deposit from Public during the period.

Directors

During the year Mr. K Gowri Sankar Rao, Director has resigned from the Board. None of the other directors retire by rotation in the current Annual General Meeting.

Directors Responsibility Statement

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

- i. in the preparation of the Annual Accounts for the Financial Year 2007-08, the applicable Accounting Standards have been followed and that there are no material departures;
- ii. they have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgments and estimates that are

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;

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

Auditors

M/s K Ramkumar & Co, Chartered Accountants the Auditors of the Company holds office upto the conclusion of the forthcoming Annual General Meeting and has given their consent for re-appointment. Company has received a certificate under Section 224(1B) from the retiring auditors regarding their eligibility for re-appointment as the Company's Auditors for the year 2008-09.

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 2007-08.

Industrial Relations

Your Company enjoyed cordial industrial relations with workers at all project sites and with the employees. Management appreciates the employees for their dedicated services to the Company.

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 is no Foreign Exchange earning or outgo during the financial year 2007-08.

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 provided in 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 express their grateful appreciation for assistance and co-operation received from the Banks, Government Authorities, Customers and Members during the year under review.

For and on behalf of the Board of Directors

G S Reddy
Director

Abdul Hakkeem
Director

Place: Chennai
Date: 31.05.2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

Your Company has changed its object to take up the business of projects and infrastructure development pursuant to amendment of the objects. Subsequent to approval of shareholders, the Company abandoned the object of Non Banking Finance Activity and included these new objects. As the company has taken up the new line of business, your directors are focusing towards this field.

To unlock the potential and expertise of the management and in view of the available opportunities in infrastructure and related activities, the Company ventured into project and infrastructure development and related business.

The Government of India has envisaged economic growth of around 9% and such a growth can be achieved by sustained growth in the infrastructure development and ancillary sector.

In the recent years the performance of all the segments of the economy was fabulous. India being the first choice of outsourcing by the European and American countries, the demand of office space as well as residential space has seen an astronomical growth. Tamil Nadu Government's initiative to provide dedicated space for IT industries coupled with the ever changing life style, Chennai has become the ultimate destination for many IT multi nationals giants.

The Company being engaged in the Infrastructure and Realty sector and having expertise and support of group developers, it has huge potential for growth.

Opportunities, Threats, Risks and Concerns

Projects and Infrastructure is a very dynamic sector. Opportunities and risks are inherent in any business.

Your company visualizes following as an opportunities for it:

- 100% FDI permitted into Infrastructure projects in India
- Entry of institutional investors in real estate investment. Real estate is growing as a preferred asset class for HNI's.

- Rapid urbanization driven by increased rail, road and air connectivity makes development in suburban and Tier II cities feasible.
- Burgeoning middle class and higher disposable income creating demand for malls and entertainment centers.
- Inculcating internationally accepted standards in construction and infrastructure
- Fast growing requirement for Industrial clusters.

The Company's business, which is mostly of contracts for execution of projects, are affected by number of challenges including cancellation of contracts, increase in cost of inputs thus affecting the profitability of projects. Accordingly, company considers risk identification, monitoring and managing as most important. The company has formal reporting and control mechanism to ensure timely information availability and facilitate proactive risk management. The risk identified by the clients which might have impact on the project and having cascading effect on the Company's business is thoroughly examined and action taken accordingly.

Further, increase in the competition, increase in the property prices, labour costs and raw materials, increases in insurance premium and last but not the least, Changes in laws and regulations having implications on project and infrastructure industry are major concern for the business of Company.

Segmentwise / Productwise Performance

Your Company was operating only in one segment both in terms of business and geographical operations in the year 2007-08. Accordingly, segmental reporting in terms of Accounting Standard 17 is not applicable to the Company.

Outlook

Your directors expect the current year would be turnaround for the Company. One of the group companies being engaged in similar business, the Company has internal strength and expertise. This would also work as risk mitigation for the Company.

The two major contracts secured by your company have a total value of around Rs. 259 Crores. Your Company is also trying for other projects/ contracts. Your Directors are confident that, your company would be able to generate good turnover and income. Your Company is committed to enhance shareholders wealth.

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.

Financial Performance

The financial performance of the Company has been given separately in the Directors Report. During the financial year, the company has earned some income from the consultancy work. However, Company has disposed off one of its long term investment for the purpose of generation of cash to take up the new objects.

Your Company has earned total profit of Rs. 9.85 Crores in the financial year ended 31st March 2008.

Material Developments in Human Resources

The Company has firmed up plan for recruitment of specialized staff. The Company has already appointed engineers and Finance professionals. Your company attaches significant importance to continuous upgradation of Human resources for achieving higher levels of efficiency, customer satisfaction and growth.

Cautionary Statement

Statements of Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements". As forward looking statements are based on certain assumptions and expectations of future events over which the Company exercises no control. The Company assumes no responsibility to publicity, amend, modify or revise any forward looking statements on the basis of any statements, development, information or events.

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. The Company has complied with all the norms of corporate governance as provided by Clause 49 of Listing Agreement.

2. Board of Directors

Board is consisting of three directors out of which one director is Whole Time Director and two are Non-Executive and Independent Directors. The Directors on the Board are senior, competent and experienced people from different fields.

The compositions and Category of Board of Directors during the year ended 31st March 2008 are given below:

| S. No. | Name(s) of Director (s) | Executive/ Non-executive/ Independent | Number of Directorships held in other Indian Companies (Excluding Private Limited Company) | Number of other Committee Membership in other Companies | Number of Committee / Charimanship in other Companies |
|--------|--------------------------|---------------------------------------|--|---|---|
| 1 | Mr. G Srinivasa Reddy | WTD | Nil | Nil | Nil |
| 2 | Mr. G Ravi Sankar Reddy | NED/ID | 1 | Nil | Nil |
| 3 | Mr. M. Abdul Hakkeem* | NED/ID | Nil | Nil | Nil |
| 4 | Mr. K Gowri Sankar Rao** | NED/ID | Nil | Nil | Nil |

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

*Joined the Board on 9th April 2007

**Resigned from the Board on 31st August 2007

Directors Profile:

Brief Resume of all Directors given below

Mr. G S Reddy, Whole Time Director, is a B. Tech, civil engineer by Qualification. He has over 24 years 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. G Ravi Sankar Reddy, Director, a graduate with rich experience in general administration and public relation. An experienced person in the field of liaisoning and land acquisition.

Mr. M Abdul Hakkeem, Director, is a Challenger Award Winner banker with more than 29 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. K Gowri Sankar Rao, Director, a university rank holder and a MBA (finance) from Madras University is having 21 years of experience in the field of finance, accounting and internal audit. He has held several senior position as Manager – Accounts, Controller – Accounts & finance, Senior – GM (finance). He has resigned from his directorship on 31st August 2007.

Company Secretary:

Mr. Satyaki Praharaj is Company Secretary and Compliance Officer of the Company. Company Secretary is secretary to the Board and all the Committees of the Board.

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 2007 and at the last Annual General Meeting (AGM) is as under:

| Name of the Directors | No of Board Meetings held | Attendance at Meetings | Attendance at last AGM |
|-------------------------|---------------------------|------------------------|------------------------|
| Mr.G.Srinivasa Reddy | 8 | 8 | Present |
| Mr.G.Ravi Sankar Reddy | 8 | 8 | Present |
| Mr.M.Abdul Hakkeem* | 7 | 7 | Present |
| Mr.K.Gowri Sankar Rao** | 3 | 2 | NA |

During the year seven Board meetings were held on 9th April 2007, 30th June 2007, 31st July 2007, 31st August 2007, 25th September 2007, 31st October 2007, 30th January 2008 and 15th March, 2008.

*Joined the Board on 9th April 2007

**Resigned from the Board on 31st August 2007

3. Committee of Directors

The Board has constituted three Committees of Directors as per the requirement of the Companies Act, 1956 and Listing Agreement. During the year 2007-08, there were four directors, which got reduced to three directors. Accordingly, at the date of report, all the directors of Board are member of all the Committees. Following are the committees of the Board

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

I. Audit Committee

Pursuant to provisions of Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreements, the Board has constituted an Audit Committee comprising of three Directors out of which one director is whole time director and other two are Non-executive and Independent Directors. All the members of the Committee are financially literate and Mr. M Abdul Hakkeem has banking, finance and related financial management expertise.

The composition and attendance of Audit committee is as under:

| Name of Director (s) | Category / Status | No. of Committee Meetings held | No. of Meetings Attended |
|-------------------------|-------------------|--------------------------------|--------------------------|
| Mr.G.Srinivasa Reddy | WTD/Member | 5 | 5 |
| Mr.G.Ravi Sankar Reddy | NED/Member | 5 | 5 |
| Mr.M.Abdul Hakkeem* | NED/Chairman | 4 | 4 |
| Mr.K.Gowri Sankar Rao** | NED/Member | 3 | 2 |

WTD – Whole Time Director; NED - Non Executive Director
During the year five meetings were held on 9th April 2007, 30th June 2007, 31st July 2007, 31st October 2007 and 30th January 2008

*Joined the Board on 9th April 2007

**Resigned from the Board on 31st August 2007

Terms of reference

Following are the terms of reference given by Board of Directors:

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 followup 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; and
- m) To review appointment, removal and terms of remuneration of the Chief internal auditors.
- n) To consider other matters, as may be referred to by the Board of Directors from time to time.

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 | Category / Status | No. of Meetings held | Meetings Attended |
|-------------------------|-------------------|----------------------|-------------------|
| Mr.G.Ravi Sankar Reddy | NED/Chairman | 4 | 4 |
| Mr.G.Srinivasa Reddy | WTD/Member | 4 | 4 |
| Mr.M.Abdul Hakkeem* | NED/Member | 3 | 3 |
| Mr.K.Gowri Sankar Rao** | NED/Member | 2 | 1 |

During the year four meetings were held on 9th April 2007, 31st July 2007, 31st October 2007 and 30th January 2008

*Joined the Board on 9th April 2007

**Resigned from the Board on 31st August 2007

Compliance Officer

Mr. Satyaki Praharaj, Company Secretary of the Company has been appointed as Compliance Officer and is responsible for the Compliance. Further Company Secretary has been authorized to deal with all correspondence and complaints from the investors. He informs the Committee about status of Complaints.

Investors' Grievance Redressal

As per the certificate received from the Registrar and Share Transfer Agent, during the year there were two complaints received from the shareholders and were pending at the end of the financial year. The same were resolved in the next quarter..

III. Remuneration Committee

The Board has constituted Remuneration Committee to determines and recommends to the Board of Directors the remuneration payable to executive and non executive directors.

Composition of the Remuneration Committee and Attendance of each member of the Committee are given below.

| Name | Category / Status | No. of Meetings held | Meetings Attended |
|-------------------------|-------------------|----------------------|-------------------|
| Mr.G.Ravi Sankar Reddy | NED/Chairman | 1 | 1 |
| Mr.G.Srinivasa Reddy | WTD/Member | 1 | 1 |
| Mr.M.Abdul Hakkeem* | NED/Member | 1 | 1 |
| Mr.K.Gowri Sankar Rao** | NED/Member | NA | NA |

During the year the Committee has met once on 30th January 2008.

*Joined the Board on 9th April 2007

**Resigned from the Board on 31st August 2007

Remuneration of Directors

None of the Directors are in receipt of any remuneration during this Financial Year 2007-08.

4. Subsidiaries

The Company does not has any subsidiary.

5. General Body Meeting

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

| Year | Meeting | Venue | Date | Time |
|-----------|---------|---|------------|----------|
| 2006-2007 | A G M | Hotel Maathus 7 East Coast Road Thiruvanniyur, Chennai – 600 041 | 25.09.2007 | 02:00 PM |
| 2005-2006 | A G M | "Sri Sai Subhodaya" 57/2B, Mutukudu Road, Thiruvanniyur, Chennai – 600 041 | 12.08.2006 | 04:00 PM |
| 2004-2005 | A G M | "Sri Sai Subhodaya" 57/2B, Mutukudu Road, Thiruvanniyur, Chennai – 600 041 | 29.07.2005 | 11:00 AM |

6. Postal Ballot

During the year 2007-08 the Company has passed a Special Resolution through Postal Ballot in respect of Change in Object Clause of the Company.

Mr. T. Murgan, Practicing Company Secretary acted as Scrutinizer and has conducted the postal ballot as per the procedure laid down in section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001. Current year the Company does not propos any resolution to be passed by postal ballot.

According to report of Scrutinizer to the Chairman, following is the detail of voting pattern:

| Particulars | No. of Postal Ballot Forms | No. of shares | % of total paid up equity capital | % of votes in favour of / against the Resolution |
|--|----------------------------|---------------|-----------------------------------|--|
| A. Total postal ballot forms received | 14 | 1203900 | 22.11% | - |
| B. Less: Rejections | - | - | 0.00% | - |
| C. Net valid postal ballot forms (as per register) | 14 | 1203900 | 22.11% | - |
| D. Postal ballot forms with assent for the Resolution | 11 | 1203450 | 22.10% | 99.96% |
| E. Postal ballot forms with dissent for the Resolution | 3 | 450 | 0.01% | 0.04% |

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 along with explanatory statements along with prepaid business reply envelope is sent to the shareholders. Shareholders are given minimum 30 days time to reply regarding their consent or dissent from the date of dispatch of the postal ballot notice. Any receipt subsequent to specified date are treated as not having been received.

All the postal ballot received back is handed over to scrutinizer. The scrutinizer maintains 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 record for postal ballot 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 Postal Ballot in two newspapers, one in English and one in local vernacular.

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

7. Disclosures

I. There are no materially significant transactions with the related parties viz., Promoters, Directors or the Senior Management, their Subsidiaries or relatives conflicting with Company's interest. 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 followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.
- III. Company has developed and implemented adequate system and strategies for risk management.
- IV. Company has not raised capital in the current year.
- V. Company has not paid any remuneration to directors during the current financial year. None of the Directors and office bearers holds any shares or other convertible instruments of the Company.
- VI. Company has complied with all requirements of the listing agreement entered with Stock Exchanges as well as regulation and guidelines of SEBI. The Company is also trying to resume the trading of its script at BSE, which is currently suspended. No penalties or strictures have been imposed on the company by the Stock Exchange, or SEBI, or any statutory authority on any matter related to capital markets during the last three years.
- VII. Company has established Whistle Blower Policy and no personnel are denied the access to the Audit Committee.
- VIII. Company complies with the entire mandatory requirement as provided under Clause 49 of listing agreement. The Company also complies with most of non -mandatory requirement. The Company has obtained a certificate from its auditors regarding compliance of conditions of corporate governance and certificate is annexed to the Directors' Report of the Company which forms part of annual report which is sent to share holders and Stock Exchanges.

8. Means of Communication

I. The un-audited Financial Results on quarterly basis along with Limited Review by the Auditors of the Company are taken on record by the Board of Directors at its meeting within one month of the close of 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

Meeting. The un-audited Financial Results along with Limited Review by the Auditors are first placed before the Audit Committee. The same along with recommendation of the Committee are forwarded to Board of Directors for their consideration.

- II. 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.
- III. The quarterly results, shareholding pattern and other mandatory information are available at the website of the Bombay Stock Exchange Limited.

9. General Shareholder Information:

I. Information about Fifteenth Annual General Meeting

Date and Time: 30th Sep.2008 at 2:00 PM
Venue: **501, Apex Chambers
20, Thyagaraya Road
T.Nagar
Chennai – 600 017**

II. Financial Year

The financial year of the Company each year starts with 1st April and ends with 31st March. The financial year 2007-08 started on 1st April 2007 and ended on 31st March 2008. The current financial year 2008-09 started on 1st April 2008 and would end on 31st March 2009.

Financial Calendar (Tentative)

First Quarter
30th June 2008 : on or before 31st July 2008
Second Quarter
30th Sep. 2008 : on or before 31st October 2008
Third Quarter
31st Dec. 2008 : on or before 31st January 2009
Fourth Quarter
31st March 2009 : on or before 30th June 2009

III. Date of Book Closure

The Register of Member and Share Transfer Books shall be closed for a period of four days starting 27th September 2008 to 30th September 2008 (Inclusive of Both Days).

IV. Dividend Payment Date

Owing to inadequacy of profit and conservation of resources, your directors' does not recommend any dividend for the financial year ended 31st March 2008.

V. Listing on Stock Exchange

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited, Madras Stock Exchange Limited, Bangalore Stock Exchange Limited, Hyderabad Stock Exchange Limited and Coimbatore Stock Exchange Limited.

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

As there was no trading of Company's Shares at Stock Exchanges, the market share price data is not available.

VIII. Performance vis a vis Sensex

As there was no trading of Company's Shares in Stock Exchanges the performance cannot be compared.

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
New No. 97, Old No. 43
Veera Perumal Kovil Street
Mylapore, Chennai – 600 004
Phone : 044 – 6525 4632
E-Mail : corserinvst@yahoo.co.in

X. Share Transfer System

The physical transfers are normally processed within 15-20 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 2008

| Share / Debenture holding of nominal value of | Share / Debenture holders | | Share / Debenture Amount | |
|---|---------------------------|---------------|--------------------------|---------------|
| | Number | % of total | In Rs. | % of total |
| Upto - 5000 | 7986 | 94.56 | 11,562,860 | 21.24 |
| 5001 - 10000 | 273 | 3.23 | 1,968,500 | 3.62 |
| 10001 - 20000 | 134 | 1.59 | 2,028,000 | 3.72 |
| 20001 - 30000 | 14 | 0.17 | 370,500 | 0.68 |
| 30001 - 40000 | 8 | 0.09 | 280,500 | 0.52 |
| 40001 - 50000 | 12 | 0.14 | 563,000 | 1.03 |
| 50001 - 100000 | 12 | 0.14 | 611,300 | 1.12 |
| 100001 - And Above | 6 | 0.07 | 37,065,340 | 68.07 |
| Total | 8445 | 100.00 | 54,450,000 | 100.00 |

XII. Dematerialization of Equity Shares and Liquidity

DEMAT ISIN in for equity shares is INE942E01017.

Authorized Capital of Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs.10 each and Paid up Capital of Rs. 5,44,50,000 divided into 54,45,000 Equity shares of Rs.10 each. Out of the total paid up capital, 71,445 Equity Shares representing 1.31 % is held in dematerialised form. The Company has entered into tri partite agreement with M/s National Securities and Depositories Limited (NSDL) and M/s Knack Corporate Services Private Limited for providing connectivity with the Depository. Company has also completed all the formalities for connectivity with M/s Central Depository Services (India) Limited.

XIII. Outstanding Convertible Instruments

There are no outstanding convertible instruments.

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 Company Secretary
MARG Projects and Infrastructure Limited
501, Apex Chambers, 5th Floor,
No. 20, Thayagaraya Road,
T. Nagar, Chennai – 600 017
Phone: 044 – 2434 0727/28
E-Mail: margholdings@sify.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
New No. 97, Old No. 43
Veera Perumal Kovil Street
Mylapore, Chennai – 600 004
Phone: 044 – 6525 4632
E-Mail: corserinvst@yahoo.co.in

**Categories of Shareholding as at
31st March 2008**

| Category | No. of Shares Held | Percentage of Shareholding |
|--------------------------------|--------------------|----------------------------|
| A Promoter's Holding | | |
| a Promoters | 2,970,934 | 54.56 |
| b Persons acting in Concert | - | 0.00 |
| Sub Total | 2,970,934 | 54.56 |
| B Non Promoters Holding | | |
| a Fils | - | 0.00 |
| b Private Body Corporate | 745,550 | 13.69 |
| c Indian Public | 1,728,516 | 31.75 |
| d NRI/OCB | - | 0.00 |
| e Others-(Clearing Members) | - | 0.00 |
| f Shares represented by GDRs | - | 0.00 |
| 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.

Secretarial Audit

Secretarial Audit as required in terms of Circular No. D&CC/FITTC/CIR – 16/2002 dated 30th June 2002 is being done by a Practicing Company Secretary on quarterly basis for reconciling total admitted capital with NSDL and total issued and listed capital. The Company has obtained Secretarial Audit Report for all the four quarters during the year ended 31st March 2008 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.

Code of Conduct

The Board of Marg Project 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 S Reddy, Whole time Director of the Company was placed at the meeting of the Board of Directors.

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. 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.

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 2008 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 S Reddy
Director

Abdul Hakkeem
Director

Place: Chennai
Date: 31.05.2008

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 Holdings & Financial Services Limited, for the year ended 31st March 2008, 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**

**R M V BALAJI
Partner**

Place : Chennai

Date : 31st May 2008

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

1. We have audited the attached Balance Sheet of **MARG PROJECTS AND INFRASTRUCTURE LIMITED** as on 31st March 2008 and also the Profit & Loss Account and Cash Flow Statement for the period ended 31st March 2008. 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 2008 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 2008;
 - ii. in the case of Profit and Loss Account, of the Profit for the year ended 31st March 2008; and
 - iii. in the case of Cash Flow Statement, of the Cash Flows for the year ended 31st March 2008.

**For K RAMKUMAR & Co.,
Chartered Accountants**

**R M V Balaji
Partner**

Place : Chennai
Date : 31st May 2008

**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) During the year, the Company has disposed of its all fixed assets. We are of the opinion that the sale of the fixed assets has not affected the going concern.
2. The Company doesn't have any Inventory for the period under review.
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, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
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. There were no undisputed dues as at 31st March 2008, 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**

**R M V Balaji
Partner**

Place : Chennai

Date : 31st May 2008

BALANCE SHEET

| PARTICULARS | Schedule | As At 31-Mar-2008 Rs | As At 31-Mar-2007 Rs |
|--|----------|----------------------------|----------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS FUNDS | | | |
| Share Capital | 1 | 54,450,000 | 54,167,409 |
| Reserves & Surplus | 2 | 91,698,200 | 9,746,064 |
| | | 146,148,200 | 63,913,473 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 3 | - | 10,075,891 |
| Less : Depreciation | | - | 7,429,815 |
| Net Block | | - | 2,646,076 |
| INVESTMENTS | 4 | 21,850,100 | 19,070,100 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| Sundry Debtors | 5 | - | 37,708,000 |
| Cash & Bank Balances | | 1,030,559 | 803,725 |
| Loans & Advances | | 145,802,815 | 25,038,529 |
| | | 146,833,374 | 63,550,254 |
| LESS:CURRENT LIABILITIES & PROVISIONS | | | |
| Current Liabilities | 6 | 10,833,295 | 21,352,957 |
| Provisions | | 11,701,979 | - |
| | | 22,535,274 | 21,352,957 |
| NET CURRENT ASSETS | | 124,298,100 | 42,197,297 |
| | | 146,148,200 | 63,913,473 |
| NOTES ON ACCOUNTS | 12 | - | - |

As per our Report of even date attached

For K RAMKUMAR & CO.,
Chartered Accountants

For and on behalf of Board of Directors

R M V BALAJI
Partner

G RAVISANKAR REDDY
Director

G SRINIVASA REDDY
Director

Place : Chennai
Date : 31st May 2008

SATYAKI PRAHARAJ
Company Secretary

PROFIT & LOSS ACCOUNT

| PARTICULARS | Schedule | As At 31-Mar-2008 Rs | As At 31-Mar-2007 Rs |
|--|-----------------|-------------------------------------|-------------------------------------|
| INCOME | | | |
| Income from Operations | 7 | 2,247,200 | 378,000 |
| Other Income | 8 | 96,278,302 | 349,101 |
| | | 98,525,502 | 727,101 |
| EXPENDITURE | | | |
| Personnel Expenses | 9 | 616,111 | 47,412 |
| Administrative Expenses | 10 | 4,246,046 | 178,733 |
| | | 4,862,157 | 226,145 |
| PROFIT (LOSS) BEFORE DEPRECIATION, INTEREST & TAX | | 93,663,345 | 500,956 |
| Depreciation | 3 | - | 395,391 |
| PROFIT (LOSS) BEFORE INTEREST & TAX | | 93,663,345 | 105,565 |
| Interest & Finance Charges | 11 | 9,230 | 4,896 |
| PROFIT (LOSS) BEFORE TAX | | 93,654,115 | 100,669 |
| Provision for Income Tax | | 11,701,979 | - |
| PROFIT (LOSS) AFTER TAX | | 81,952,136 | 100,669 |
| PROFIT (LOSS) BROUGHT FORWARD | | (18,438,731) | (18,539,400) |
| PROFIT (LOSS) CARRIED TO BALANCE SHEET | | 63,513,405 | (18,438,731) |
| EARNINGS PER SHARE | | | |
| Basic & Diluted | | 15.05 | 0.02 |
| NOTES ON ACCOUNTS | 12 | | |

As per our Report of even date attached

**For K RAMKUMAR & CO.,
Chartered Accountants**

For and on behalf of Board of Directors

**R M V BALAJI
Partner**

**G RAVISANKAR REDDY
Director**

**G SRINIVASA REDDY
Director**

Place : Chennai
Date : 31st May 2008

**SATYAKI PRAHARAJ
Company Secretary**

SCHEDULES FORMING PART OF ACCOUNTS

| PARTICULARS | As At 31-Mar-2008 Rs | As At 31-Mar-2007 Rs |
|--|----------------------------|----------------------------|
| SCHEDULE 1 : SHARE CAPITAL | | |
| Authorised Capital | | |
| 15,000,000 Equity Shares of Rs.10 each | 150,000,000 | 150,000,000 |
| Issued, Subscribed and Paid up Capital | | |
| 5,445,000 Equity Shares of Rs.10 each | 54,450,000 | 54,450,000 |
| Less : Allotment money in arrears | - | 282,591 |
| | 54,450,000 | 54,167,409 |
| SCHEDULE 2 : RESERVES & SURPLUS | | |
| Securities Premium | 27,639,795 | 27,639,795 |
| General Reserve | 545,000 | 545,000 |
| Profit & Loss Account | | |
| Opening Balance | (18,438,731) | (18,539,400) |
| Add: Surplus in Profit & Loss Account (Current Year) | 81,952,136 | 100,669 |
| | 63,513,405 | (18,438,731) |
| | 91,698,200 | 9,746,064 |

SCHEDULE 3 : FIXED ASSETS

In Rs

| Particulars | Gross Block | | | Depreciation | | | Net Block | | | |
|---------------------------------|--------------------|-----------|--------------------------|--------------------|-------------------|-----------------|--------------------------|-------------------|--------------------|--------------------|
| | As At 31-Mar-07 | Additions | Deductions/ Transfers | As At 31-Mar-08 | Upto 31-Mar-07 | For the Year | Deductions/ Transfers | Upto 31-Mar-08 | As At 31-Mar-08 | As At 31-Mar-07 |
| Land | 625,500 | - | 625,500 | - | - | - | - | - | - | 625,500 |
| Plant & Machinery | 4,453,061 | - | 4,453,061 | - | 3,549,790 | - | 3,549,790 | - | - | 903,271 |
| Electrical Equipment & Fittings | 169,914 | - | 169,914 | - | 117,465 | - | 117,465 | - | - | 52,449 |
| Furniture & Fixtures | 1,911,642 | - | 1,911,642 | - | 1,411,730 | - | 1,411,730 | - | - | 499,912 |
| Office Equipments | 1,473,534 | - | 1,473,534 | - | 908,590 | - | 908,590 | - | - | 564,944 |
| Vehicles | 1,442,240 | - | 1,442,240 | - | 1,442,240 | - | 1,442,240 | - | - | - |
| Total | 10,075,891 | - | 10,075,891 | - | 7,429,815 | - | 7,429,815 | - | - | 2,646,076 |
| Previous Year | 10,075,891 | - | - | 10,075,891 | 7,034,430 | 395,391 | - | 7,429,815 | 2,646,076 | 3,041,467 |

SCHEDULES FORMING PART OF ACCOUNTS

| PARTICULARS | As At 31-Mar-2008 Rs | As At 31-Mar-2007 Rs |
|---|----------------------------|----------------------------|
| SCHEDULE 4 : INVESTMENTS | | |
| Investments in Shares (Long Term, Quoted, Stated at Cost) | | |
| Marg Limited (93,000 Equity Shares of Rs. 10 each fully paid up) (Previous Year 400,000 Equity Shares of Rs. 10 each fully paid up) | 930,000 | 4,000,000 |
| Investments in Shares (Long Term, Non-Quoted, Stated at Cost) | | |
| Marg Capital Markets Limited (10,000 Equity Shares of Rs. 10 each fully paid up) | 1,000,000 | 1,000,000 |
| R R Infotech Limited (444,000 Equity Shares of Rs. 10 each fully paid up) | 4,440,000 | 4,440,000 |
| Marg Realities Limited (963,010 Equity Shares of Rs. 10 each fully paid up) | 9,630,100 | 9,630,100 |
| Marg Digital Infrastructure Private Limited (585,000 Equity Shares of Rs. 10 each fully paid up) (Previous Year NIL) | 5,850,000 | - |
| | 21,850,100 | 19,070,100 |
| SCHEDULE 5 : CURRENT ASSETS, LOANS & ADVANCES | | |
| Sundry Debtors (Unsecured and considered good) | | |
| Outstanding for more than 6 months | - | 37,708,000 |
| | - | 37,708,000 |
| Cash and Bank Balances | | |
| Cash Balance | 602,046 | 34,125 |
| Balances with Scheduled Banks in Current Accounts | 428,513 | 769,599 |
| | 1,030,559 | 803,724 |
| Loans & Advances (Unsecured and considered good) | | |
| Property Advance | 105,000,000 | 18,170,000 |
| Advances Recoverable - Others | 38,896,258 | 4,961,972 |
| Security Deposits | 1,906,557 | 1,906,557 |
| | 145,802,815 | 25,038,529 |
| | 146,833,374 | 63,550,253 |
| SCHEDULE 6 : CURRENT LIABILITIES & PROVISIONS | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors & Other Liabilities | 8,418,340 | 21,348,923 |
| Statutory Dues | 2,414,955 | 4,034 |
| | 10,833,295 | 21,352,957 |
| PROVISIONS | | |
| Income Tax | 11,700,000 | - |
| Fringe Benefit Tax | 1,979 | - |
| | 11,701,979 | - |
| | 22,535,274 | 21,352,957 |

SCHEDULES FORMING PART OF ACCOUNTS

| PARTICULARS | Year ended 31-Mar-2008 Rs | Year ended 31-Mar-2007 Rs |
|---|---------------------------------|---------------------------------|
| SCHEDULE 7 : INCOME FROM OPERATIONS | | |
| Consultancy Income | 2,247,200 | 378,000 |
| | 2,247,200 | 378,000 |
| SCHEDULE 8 : OTHER INCOME | | |
| Miscellaneous Income | - | 349,101 |
| Dividend Income | 800,000 | - |
| Long Term Capital Gain on Sale of Investments | 95,478,302 | - |
| | 96,278,302 | 349,101 |
| SCHEDULE 9 : PERSONNEL EXPENSES | | |
| Salaries & Allowances | 511,634 | 47,412 |
| Contribution to Funds | 30,366 | - |
| Staff Welfare Expenses | 74,111 | - |
| | 616,111 | 47,412 |
| SCHEDULE 10 : ADMINISTRATIVE EXPENSES | | |
| Traveling and Conveyance | 12,200 | 550 |
| Advertisement Expenses | 530,770 | 880 |
| Audit Fee | 44,944 | 33,672 |
| Secretarial Expenses | 267,424 | 113,351 |
| Loss on Sale of Assets | 1,536,925 | - |
| Listing Fees | 60,300 | 21,000 |
| Professional Fees | 25,750 | 9,280 |
| Bad Debts | 1,516,316 | - |
| Printing & Stationery | 4,217 | - |
| Service Tax Expenses | 247,200 | - |
| | 4,246,046 | 178,733 |
| SCHEDULE 11 : INTEREST & FINANCE CHARGES | | |
| Bank & Finance Charges | 6,513 | 4,896 |
| Interest | 2,717 | - |
| | 9,230 | 4,896 |

SCHEDULE 12 : NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
2. 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.
3. Method of Accounting - The Company maintains its accounts on accrual basis.
4. The Accounting Standards recommended by The Institute of Chartered Accountants of India have been followed wherever applicable to the Company.

B. REVENUE RECOGNITION

- a. Income from operations is accounted on mercantile basis.
- b. In respect of other Income and Expenses, accrual system of accounting has been followed.

C. FIXED ASSETS & DEPRECIATION

1. 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.
2. Depreciation is provided on fixed assets, on straight line method, on pro-rata basis as per the rates specified in Schedule XIV of the Companies Act, 1956.

3. Advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end are shown under Capital Work - in - Progress.
4. 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 against recognized in the profit and loss account.

D. VALUATION OF INVESTMENTS

Investments are stated at cost.

E. LEASES

The Company has no lease obligations.

F. RETIREMENT BENEFITS

Contribution to Provident Fund is being accounted on actual liability basis. Payment of Gratuity Act and Leave encashment are not applicable to the Company for the current year.

G. TAX ON INCOME

1. 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.
2. 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.

NOTES ON ACCOUNTS

NOTES ON ACCOUNTS:

1. Contingent Liabilities: Nil
2. Deferred Tax Liability:
Considering the past performance of the company and the current operations of the company the management is of the opinion that there is no reasonable certainty that the company will be in a position to avail tax assets. Hence deferred tax as specified in Accounting Standard 22 has not been considered.
3. Confirmation of balances has not been obtained for Sundry Debtors, Sundry Creditors and other balances.
4. 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.
5. 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.
6. Related Parties Disclosures:
(a) The following are the Individuals having significant influence on the Company.

1. G R K Reddy

2. V P Rajini Reddy

(b) There were no transactions carried out with the related parties in the Current Financial year.

7. Earnings Per Share (EPS):

| S No | Particulars | Year Ended 31 st March 08 | Year Ended 31 st March 07 |
|------|--|---|---|
| a. | Profit After Tax(Rs) For Basic & Diluted EPS | 81,952,136 | 100,669 |
| b. | Weighted average number of equity shares (Nos) For Basic & Diluted EPS | 5,445,000 | 5,445,000 |
| c. | Earnings Per Share (Rs.) For Basic & Diluted EPS | 15.05 | 0.02 |

8. In the opinion of the Management, Current Assets, Loans & Advances have a value on realisation equal to the amount at which they are stated in the Balance Sheet and provision for all known liabilities has been made.
9. Name of the company was changed from "Marg Holdings and Financial Services Limited" to "**Marg Projects and Infrastructure Limited**" with effect from 28th November 2007.
10. Previous year's figures have been regrouped / reclassified / rearranged wherever necessary to bring them in conformity with the current year figures.

Signatories to Schedule 1 to 12
As per our Report of even date attached

**For K RAMKUMAR & CO.,
Chartered Accountants**

For and on behalf of Board of Directors

**R M V BALAJI
Partner**

**G RAVISANKAR REDDY
Director**

**G SRINIVASA REDDY
Director**

Place : Chennai
Date : 31st May 2008

**SATYAKI PRAHARAJ
Company Secretary**

CASH FLOW STATEMENT

| S.No. | Particulars | Year Ended 31-Mar-2008 Rs. | Year Ended 31-Mar-2007 Rs. |
|----------|--|----------------------------------|----------------------------------|
| A | Cash Flows from Operating Activities: | | |
| | Net Profit before Taxation and Extraordinary Item | 93,654,115 | 100,669 |
| | Adjustments for : | | |
| | Depreciation | - | 395,391 |
| | Operating Profit before Working Capital Changes | 93,654,115 | 496,060 |
| | Decrease in Sundry Debtors | 37,708,000 | (278,000) |
| | Increase in Current Liabilities | 1,182,317 | (3,206,347) |
| | Decrease in Loans & Advances | (120,764,286) | 1,725,051 |
| | Increase in Unsecured Loan | - | - |
| | Cash Generated from Operations | 11,780,146 | (1,263,236) |
| | Fringe Benefit Tax Paid | 1,979 | - |
| | Income Tax Paid | 11,700,000 | - |
| | Cash Flow before Extraordinary Items | 78,167 | (1,263,236) |
| | Adjustment for Extraordinary Items | - | - |
| | Net Cash from Operating Activities (A) | 78,167 | (1,263,236) |
| B | Cash Flows from Investing Activities: | | |
| | Sale of Fixed Assets | 2,646,076 | - |
| | Purchase of Investments | (2,780,000) | - |
| | Net Cash from Investing Activities (B) | (133,924) | - |
| C | Cash flow from Financing Activities: | | |
| | Proceeds from issuance of Share Capital | 282,591 | - |
| | Net Cash used in Financing Activities (C) | 282,591 | - |
| | Net Increase in Cash and Cash Equivalents (A+B+C) | 226,834 | (1,263,236) |
| | Cash and Cash Equivalents at beginning of Period | 803,725 | 2,066,961 |
| | Cash and Cash Equivalents at end of Period | 1,030,559 | 803,725 |

As per our Report of even date attached

For K RAMKUMAR & CO.,
Chartered Accountants

For and on behalf of Board of Directors

R M V BALAJI
Partner

G RAVISANKAR REDDY
Director

G SRINIVASA REDDY
Director

Place : Chennai
Date : 31st May 2008

SATYAKI PRAHARAJ
Company Secretary

AUDITORS' REPORT ON CASH FLOW STATEMENT

We have examined the above Cash Flow Statement of Marg Projects and Infrastructure Limited for the year ended 31st March 2008. 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

R M V BALAJI

Partner

Place : Chennai

Date : 31st May 2008

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

Registration No. 25252

State Code: 18

Balance Sheet Date: 31st March 2008

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: | 146,148.20 | b) Total Assets: | 146,148.20 |
|-----------------------|------------|------------------|------------|

IV. Source of Funds (Amount in Rupees Thousands)

| | | | |
|---------------------|-----------|------------------------|-----------|
| a) Paid up capital: | 54,450.00 | b) Reserves & Surplus: | 91,698.20 |
| c) Secured Loans: | 0.00 | d) Unsecured Loans: | 0.00 |

V. Application of Funds (Amount in Rupees Thousands)

| | | | |
|-------------------------------|------------|------------------------|-----------|
| a) Net Fixed Assets: | 0.00 | b) Investments: | 21,850.10 |
| c) Net Current Assets: | 124,298.10 | d) Accumulated Losses: | Nil |
| e) Miscellaneous Expenditure: | | | |

VI. Performance of Company (Amount in Rupees Thousands)

| | | | |
|-----------------------------------|-----------|-----------------------------|-----------|
| a) Turnover: | 98,525.50 | b) Total Expenditure: | 4,862.16 |
| c) Profit/Loss before Tax: | 93,654.11 | d) Profit /Loss after Tax : | 81,952.14 |
| e) Earning per Share in Rs: 15.05 | | f) Dividend rate: | Nil |

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

| | |
|-------------------------|--------------|
| a) Item Code No: | NA |
| b) Product Description: | Construction |

