

## **BOARD OF DIRECTORS**

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

## **COMPANY SECRETARY AND COMPLIANCE OFFICER**

Mr. Satyaki Praharaj

## **AUDITORS**

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

## **BANKERS**

State Bank of India  
Axis Bank Limited

## **REGISTERED OFFICE**

501, Apex Chambers, 5<sup>th</sup> Floor  
No. 20, Thayagaraya Road  
T. Nagar, Chennai – 600 017  
Phone: 044 – 2434 0727 / 28

## **REGISTRAR AND SHARE TRANSFER AGENTS**

M/s Knack Corporate Services Private Limited  
17/9, G V House  
Thiruvakkam Street  
Mandaveli, Chennai – 600 028  
Phone : 044-4230 3383  
E-mail : Knackcorp@gmail.com



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**DIRECTORS' REPORT**

To

The Shareholders,

Your Directors have pleasure in presenting the 16<sup>th</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March 2009. Your Directors are happy to inform that the current financial year has given new dimension to the Company.

**Financial Highlights**

The financial results of the Company for the year ended 31<sup>st</sup> March 2009 is summarized as below;

	<i>(Rs. in Lacs)</i>	
	Year ended 31.03.2009	Year ended 31.03.2008
Income from Operations	1769.15	22.47
Non-Operating Income	150.99	962.78
Total Income	1920.14	985.25
Expenditure	1718.55	48.62
Gross Profit (Loss)		
(Before Depreciation, Interest and Tax)	201.58	936.63
Interest & Finance Charges	2.90	9.00
Depreciation	0.41	-
Profit (Loss) before Tax	198.27	936.54
Provision for Income Tax	22.55	117.01
Profit (Loss) after Tax	172.48	819.52
Brought Forward Profit (Loss)	635.13	(184.38)
Balance Carried to Balance Sheet	807.61	635.13

**Revocation of Suspension**

You would be happy to note that Bombay Stock Exchange Limited has revoked the suspension in trading of security vide their notification dated 23<sup>rd</sup> March 2009. The trading in Shares of your Company has resumed at Bombay Stock Exchange Limited from 27<sup>th</sup> March 2009.

**Non Banking Non Financial Company (NBNFC)**

Your Directors are delighted to inform you that your Company has been converted to NBNFC. Pursuant to taking up of new business objects, your Company had requested Reserve Bank of India (RBI) to convert it as NBNFC for freedom of operation. RBI has accordingly categorized the Company as NBNFC.

**Business Operations Overview and Future Prospects**

The year 2008-09 turned out to be a good year and your Company has achieved significant

growth in its operation. The Company has focused on construction and contract execution. The Company is also looking for the other options available including acquisition of the properties for development.

**Delisting of Shares**

Company has taken steps for delisting of shares at Hyderabad Stock Exchange Limited, Bangalore Stock Exchange Limited and Coimbatore Stock Exchange Limited as per the approval of shareholders in last AGM. The equity shares would continue to be listed at Bombay and Madras Stock Exchange.

**Dividend**

With a view to build reserves for the future, your Directors do not recommend any dividend for the current financial year.

**Opportunities and Challenges**

The Company is successfully carrying out operations in constructions, projects and infrastructure development. The Company is taking steps to procure new projects. The present economic situation has created fierce competition. Your Company is trying to create better operational efficiencies to improve its financial performance.

**Fixed Deposits**

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

**Directors**

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

During the year Mr. Gouri Shanker Mishra and Mr. Sudhir N Shenoy were appointed by the Board as Additional Director and also confirmed as regular Director by the Shareholders at the last Annual General Meeting held on 30<sup>th</sup> September 2008. A brief profile of all the directors is provided in the corporate Governance Report.

During the year Mr. G. Ravishankar Reddy resigned from the Board and the Board appreciated the contribution made by him during his tenure as Director.

**Directors' Responsibility Statement**

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

- i. in the preparation of the Annual Accounts for the Financial Year ended 31<sup>st</sup> March 2009, 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 hold office upto the conclusion of the forthcoming Annual General Meeting. They have expressed their willingness to continue their services as Auditors of the Company, if they are re-appointed by the Company. The 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 2009-10.

**Particulars of Employees**

Particulars of employees of the Company who were in receipt of remuneration which in aggregate exceed the limit fixed under section 217(2A) of the Companies Act 1956 read along with Companies (Particulars of Employees) Rules 1975, is separately provided in Annexure 1.

**Industrial Relations**

Your Company enjoyed cordial industrial relationship 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 2008-09.

**The Management Discussion & Analysis Report**

The Management Discussion & Analysis Report for the year ended under review, as stipulated under Clause 49 of the Listing Agreement 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**  
Whole Time Director

**M Abdul Hakkeem**  
Director

Place : Chennai  
Date : 31<sup>st</sup> July 2009

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure and Development**

Your Company is executing the construction contract secured by it. Further, the Company is looking for various other opportunities in projects and infrastructure development.

The year 2008-09 was a challenging year across all sectors because of the global economic meltdown. It impacted the Indian economy as a whole and the Real Estate and Infrastructure Sectors in Particular. The estimated GDP growth for the year 2008-09 was 6.7% against an average growth rate of 9% in the previous years (Source-Budget document). The demand for Commercial and Residential Real Estate fell sharply across India.

However the Indian growth story has not halted but slowed down initially. The government has intervened at the right time to provide a much needed boost to the economy in the form of fiscal stimulus packages. There is renewed focus on the Infrastructure Sector, especially Rural and Urban Infrastructure, Roads and Power segments. With the economy showing signs of stabilizing, the commercial and retail segments of Real Estate is expected to pick up in the coming months. This indicates the tremendous growth opportunities for the Construction, Project and Infrastructure Sectors in the next few years.

### **Business Overview**

Despite slowdown in the economy, developing countries still have vast infrastructure needs. India is not an exception and has to concentrate more on Infra developments – a fact acknowledged by the latest Budget. The Five Year Plan envisaged a quantum leap in allocating the infra development requirement with Public-Private-Participation and identified a total plan of over 5,00,000 Crores. The infrastructure activity is likely to centre on transport route developments like increasing the National Road Network, Widening existing roads, and developing rural networks as well as on building new National Waterways like Ports, Fishing Harbours, Ship Repair Facilities and of course, the Power Sector.

### **Outlook**

Your directors expect the current year would be further improving its financial performance. Looking at the opportunities available in the sector, your company is confident of securing further project for itself. Your Directors are confident that, your company would be able to bag new contracts and generate good turnover & income. Your Company is committed to enhance shareholders wealth.

### **Opportunities**

Government of India has permitted 100% FDI into Infrastructure projects in India. That gives better scope for raising the money for the Company. Even raising of debt from international market is liberalized for the sector in which Company is engaged.

The rapid urbanization driven by increased rail, road and air connectivity has opened up lot of scope for construction and infrastructural development including development in suburban and Tier II cities.

The Company is engaged in infrastructural development which centre of attention for the new five year plan and current union budget.

### **Threats**

The Company's business, which is mostly of contracts, execution of projects are affected by number of challenges including delay in execution, increase in cost of inputs, labour issue and other inherent business risk affecting the profitability of projects. Accordingly, company considers risk identification, monitoring and managing as most important. The company has control mechanism to ensure timely information availability and proactive risk management approach. 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 labour costs and raw materials, increases in insurance premium and 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 2008-09. 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.

**Financial Performance**

Your Company has achieved an income of Rs. 17.69 Crores in the financial year ended 31<sup>st</sup> March 2009. Company has achieved total

income of Rs. 19.2 Crores. Company has achieved PAT of Rs. 1.72 Crores.

The detail of financial performance of the Company has been given separately in the Director's Report.

**Material Developments in Human Resources**

Company has recruited specialized staff for the projects. The Company is further looking out for suitable staff. 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 is committed to the highest standards of Corporate Governance Practices and to attain the highest levels of transparency, accountability and equity in all facets of its operations to enhance value of its Stakeholders namely, Shareholders, Employees, Lenders, Customers and the Government.

This section, along with the section on

'Management Discussion and Analysis Report' and 'General Shareholders Information' constitutes the Company's compliance with the Clause 49 of the Listing Agreement.

### 2. Board of Directors

The Board presently consists of FOUR Directors comprising of ONE Whole Time Director, who is a Non-Independent and THREE Non-Executive Independent Directors.

Compositions of the Board and Directorship held in other Companies during the year are as follows:

S. No.	Name(s) of Director (s)	Executive/ Non-executive/ Independent	Number of Directorship in other Public Companies*		Number of other Committee Positions in other Public Companies**	
			Member	Chairman/Chairperson	Member	Chairman/Chairperson
1	Mr. G Srinivasa Reddy	WTD/ED/NID	Nil	Nil	Nil	Nil
2	Mr. M. Abdul Hakkeem	NED/ID	10	Nil	Nil	Nil
3	Mr. Gouri Shanker Mishra#	NED/ID	12	Nil	Nil	Nil
4	Mr. Sudhir Shenoy#	NED/ID	Nil	Nil	Nil	Nil
5	Mr. G Ravishanker Reddy***	NED/ID	1	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.

\*\*\*Resigned from the Board on 31<sup>st</sup> July 2008

# Joined in the Board on 31<sup>st</sup> July 2008

**Directors' Profile**

Brief Resume of all the Directors are given below:

**Mr. G. Srinivasa Reddy, Whole Time Director** is a B. Tech, Civil Engineer by qualification. He has over 25 years experience in the areas of Project Execution. He has executed Grass-Root Level Projects of Nagarjuna Fertilizers & Chemicals Limited Ph-I & II, Oswal Chemicals & Fertilizers, Shahjahanpur Unit. He has also worked in Oil and Gas Exploration Units of ONGC, BPCL and IOCL.

**Mr. M Abdul Hakkeem, Director** is a Challenger Award Winner banker with more than 30 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 8 years of experience in the Secretarial Field and legal domain. Along with ACS, he also hold qualification of LL.B. and MBA. He also holds directorship in companies engaged in infrastructure development, fishing harbour etc.

**Mr. Sudhir Shenoy, Director** is a Chartered Accountant and Cost Accountant having more than 14 years of experience and vast knowledge in Accounting system, system security and implementation of SAP.

**Mr. G. Ravi Sankar Reddy, Director**, a graduate with rich experience in General Administration and Public Relation. He has vast experience in the field of liasoning and land acquisition. He has resigned from the Board on 31<sup>st</sup> July 2008.

**Attendance of Directors at the Board Meeting(s) and Annual General Meeting(s)**

Following are the attendance of Directors in the Board Meeting(s) and AGM:

Name(s) of the Director(s)	No of Board Meetings held	Board Meetings attended	Attendance at Previous AGM
Mr.G.Srinivasa Reddy	6	6	Yes
Mr.M.Abdul Hakkeem	6	6	No
Mr.Gouri Shanker Mishra#	5	4	Yes
Mr.Sudhir Shenoy#	5	5	Yes
Mr.G.Ravishanker Reddy*	1	1	No

# Joined in the Board on 31<sup>st</sup> July 2008

\*Resigned from the Board on 30<sup>th</sup> July 2008

During the financial year 2008 - 09, Six Meetings of the Board of Directors were held on 31<sup>st</sup> May 2008, 31<sup>st</sup> July 2008, 30<sup>th</sup> Sep 2008, 31<sup>st</sup> Oct 2008, 31<sup>st</sup> Jan 2009 and 24<sup>th</sup> March 2009.

**3. Committee of Directors**

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

Following are the committees of the Board:-

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

**I. Audit Committee**

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

**Composition of the Audit Committee and Attendance of each member of the Committee are given below:**

Name(s) of the Director(s)	Category / Status	Meetings held	Meetings Attended
Mr.Sudhir Shenoy#	NED/ID/Chairman	2	2
Mr.M.Abdul Hakkeem	NED/ID/Member	5	5
Mr.Gouri Shanker Mishra#	NED/ID/Member	2	1
Mr.G.Ravishanker Reddy*	NED/ID/Member	3	3
Mr.G.Srinivasa Reddy**	WTD/ED/NID/Member	3	3

# Joined in the Board on 31<sup>st</sup> July 2008

\* Resigned from the Board on 31<sup>st</sup> July 2008

\*\*Ceased to be a Member of the Committee due to Re-Constitution of the Board w.e.f 31<sup>st</sup> July 08.

During the financial year 2008 – 09, FIVE meetings of Audit Committee were held on 11<sup>th</sup> April 2008, 31<sup>st</sup> May 2008, 31<sup>st</sup> July 2008, 31<sup>st</sup> Oct 2008 and 31<sup>st</sup> Jan 2009.

**Terms of reference**

Following are the main terms of reference given by the 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) Directors' Responsibility Statement in terms of section 217 (2A) of the Companies Act, 1956.
- vii) Major accounting entries involving estimates based on the exercise of judgement by the management.
- viii) Disclosure of any related party transactions.
- ix) Qualifications in the Draft Audit Report.

b) To recommend to the Board the appointment, reappointment 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 and Attendance of each member of the Committee meeting are given below:**

Name(s) of Director(s)	Category / Status	Meet-ings held	Meet-ings Attended
Mr.M.Abdul Hakkeem	NED/ID/Chairman	1	1
Mr.Gouri Shanker Mishra#	NED/ID/Member	Nil	Nil
Mr.Sudhir Shenoy#	NED/ID/Member	Nil	Nil
Mr.G.Ravishanker Reddy*	NED/ID/Member	1	1
Mr.G.Srinivasa Reddy**	WTD/ED/NID/Member	1	1

#Joined in the Board on 31<sup>st</sup> July 2008

\*Resigned from the Board on 31<sup>st</sup> July 2008.

\*\*Ceased to be a Member of the Committee due to Re-Constitution of the Board w.e.f 31<sup>st</sup> July 08.

During the financial year 2008 – 09, ONE meeting was held on 31<sup>st</sup> July 2008.

**Terms of reference**

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

- (a) To decide on the remuneration policy of the managerial personnel.
- (b) To approve of the appointment/ reappointment of the managerial personnel for such tenure as they may decide.
- (c) To approve the remuneration package to the managerial personnel within the limits provided in Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the said act.
- (d) Other benefits entitlement viz., accommodation, insurance, medical expenses reimbursement, Leave Travel Allowance, Company's Car and telephone at residence, etc.,
- (e) 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.

**Remunerations to Non-Executive Directors**

None of the Directors are in receipt of any remuneration during this Financial Year 2008-2009.

**Remunerations to Executive Director**

Mr. G. Srinivasa Reddy has been appointed as Whole Time Director for Five Year years w.e.f. 1<sup>st</sup> August 2004. He was not in receipt of any remuneration from the time of appointment.

Considering the contribution made by Mr. G S Reddy in bringing the Company to this new high the shareholders in the Annual General Meeting held on 30<sup>th</sup> September 2008 have approved payment of salary to Mr. G S Reddy.

The Company has paid following Remuneration to the Whole Time Director in the last financial year:

*Rs. in Lacs*

Name(s) of Director(s)	Salary including HRA	Other Allowances and Benefits	Total
Mr.G.S.Reddy	6.00	4.49	10.49

**Shareholding of Directors**

None of the Directors hold any shares of the Company.

**III. Shareholders' / Investors' Grievance Committee**

To oversee and review all matters connected with transfer of securities, non-receipt of annual report, notices, dividend and attending various grievances of the shareholders, Board has constituted a Shareholders' / Investors' Grievance Committee.

Presently, the Committee consists of THREE Non-Executive Directors out of which TWO are Independent Directors. The Committee has delegated the authority for share transfers to the Whole Time Director so that it can be taken up at a regular interval. The Committee oversees the performance of the 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 are given under:

Name(s) of Director(s)	Category / Status	Meet-ings held	Meet-ings Attended
Mr.M.Abdul Hakkeem	NED/ID/Chairman	4	4
Mr.Gouri Shanker Mishra#	NED/ID/Member	3	2
Mr.Sudhir Shenoy#	NED/ID/Member	3	3
Mr.G.Ravishanker Reddy*	NED/ID/Member	1	1
Mr.G.Srinivasa Reddy**	WTD/ED/Non-ID	1	1

Joined in the Board on 31<sup>st</sup> July 2008

\*Resigned from the Board on 31<sup>st</sup> July 2008.

\*\*Ceased to be a Member of the Committee due to Re-Constitution of the Board w.e.f.31<sup>st</sup> July 08.

During the financial year 2008 – 09, FOUR meetings of Shareholders' / Investors' Grievance Committee were held on 25<sup>th</sup> April 2008, 31<sup>st</sup> July 2008, 31<sup>st</sup> Oct 2008 and 31<sup>st</sup> Jan 2009.

**Compliance Officer**

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

**4. Subsidiaries**

The Company does not have any subsidiary.

**5. General Body Meeting**

Date, time and location for the Annual General Meetings of the Company held in last three years;

Financial Year	Date	Time	Venue	No. of Special Resolution passed
2007-08	30 <sup>th</sup> Sep 08	2 P.M	No.501, Apex Chambers, No.20, Thyagaraya Road, T.Nagar, Chennai – 600 017.	3
2006-07	25 <sup>th</sup> Sep 07	2 P.M	Hotel Maathus, No.7 East Coast Road, Thiruvanmiyur, Chennai – 600 041.	Nil
2005-06	12 <sup>th</sup> Aug 06	4 P.M	“Sri Sai Subhodaya”, No.57/2B, Mutukudu Road, Thiruvanmiyur, Chennai – 600 041.	Nil

**6. Postal Ballot**

During the Financial Year ended 31<sup>st</sup> March 2009, no resolution was passed through postal ballot. Further Company is not proposing any Special Resolution to be passed presently through postal ballot.

**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 or 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

**Investors' Grievance Redressal**

As per the certificate received from the Registrar and Share Transfer Agent, during the year there were 21 complaints received from the shareholders. Out of the same 18 complaints were resolved and 2 complaints were pending at the end of the financial year. The same were resolved in the next quarter.

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**

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 complied with all the requirements of the Listing Agreement entered into with the Stock Exchange(s) as well as regulation and guidelines of SEBI. There has been no penalty or stricture imposed on the Company by the Stock Exchanges or SEBI or any other 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 and non-mandatory requirements of Corporate Governance as provided under 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 certificate is annexed to the Directors' Report of the Company which are sent to the share holders and Stock Exchanges.

### **8. Means of Communication**

I. 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 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 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.

II. The quarterly results and audited results as per the requirement of Clause 41 of the Listing Agreement are published within 48 hours in two newspapers, one in English daily-News Today and one in Regional (Tamil) Language-Malai Sudar. Additionally it is also published in magazines and financial newspapers having national circulation.

III. The quarterly results, shareholding pattern and other mandatory information are available at the website of Company, i.e. [www.margprojects.com](http://www.margprojects.com). The Company's website provides all information and contains news releases.

### **9. General Shareholder Information:**

#### **I. Information about the Sixteenth Annual General Meeting**

Date and Time: 30<sup>th</sup> September 2009 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 1<sup>st</sup> April and ends with 31<sup>st</sup> March. The financial year 2008-09 started on 1<sup>st</sup> April 2008 and ended on 31<sup>st</sup> March 2009. The current financial year 2009-10 started on 1<sup>st</sup> April 2009 and would end on 31<sup>st</sup> March 2010.

Result to be published

First Quarter  
30<sup>th</sup> June 2009 : by 31<sup>st</sup> July 2009

Second Quarter  
30<sup>th</sup> September 2009 : by 31<sup>st</sup> October 2009

Third Quarter  
31<sup>st</sup> December 2009 : by 31<sup>st</sup> January 2010

Fourth Quarter  
31<sup>st</sup> March 2010 : by 30<sup>th</sup> June 2010

#### **III. Date of Book Closure**

The Register of Member and Share Transfer Books shall be closed for a period of eight days starting from Wednesday, 23<sup>rd</sup> September 2009 to Wednesday, 30<sup>th</sup> September 2009 (Inclusive of Both Days).

**IV. Dividend Payment Date**

With a view to build the reserves for the future, your Directors are not recommending any dividend for the financial year ended 31<sup>st</sup> March 2009.

**V. Listing on Stock Exchanges**

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited and Madras Stock Exchange Limited, Bangalore Stock Exchange Limited, Hyderabad Stock Exchange Limited and Coimbatore Stock Exchange Limited. Company has taken steps for delisting of shares at Hyderabad Stock Exchange Limited, Bangalore Stock Exchange Limited and Coimbatore Stock Exchange Limited as per the approval of shareholders in last AGM.

**VI. Stock Code/Symbol**

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**

Following are the monthly High / Low Price & Trading Volume of Equity Shares of the Company at Bombay Stock Exchange Limited.

The Company's shares are resumed trading starting from 27<sup>th</sup> March 2009 and there was only one trading, as per the details given below, during the financial year 2008-09.

Year	Month	High(Rs.)	Low(Rs.)	Monthly Volume
2009	March	18.10	18.10	100

**VIII. Performance vis a vis BSE Sensex**

As there was only one trading as mentioned above for the financial year 2008-2009, Performance vis a vis BSE Sensex would not provide any value and hence is not provided.

**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  
No. 17/9, G V House  
Thiruvakkam Street  
Mandavelli, Chennai – 600 028  
Phone : 044 – 4230 3383  
E-Mail : knackcorp@gmail.com

**X. Share Transfer System**

The physical transfers are normally processed within 15-20 days from the date of receipt of documents complete in all respects. Share Transfers in physical form have to be lodged with the Registrar and Transfer Agent.

**XI. Share holding as on 31<sup>st</sup> March 2009**

**(a) Distribution of shareholding as at 31<sup>st</sup> March 2009**

No. of Shares held	No. of shareholders	% of Total Shareholders	Total Shares held in the Category	% of shareholding
Upto 500	7,960	96.79	1,087,016	19.96
501 to 1000	183	2.23	132,350	2.43
1001 to 2000	6	0.07	6,850	0.13
2001 to 3000	5	0.06	11,000	0.20
3001 to 4000	1	0.01	3,900	0.07
4001 to 5000	5	0.06	23,700	0.44
5001 to 10000	50	0.61	441,350	8.11
10001 & above	14	0.17	3,738,834	68.67
<b>Total</b>	<b>8,224</b>	<b>100.00</b>	<b>5,445,000</b>	<b>100.00</b>

**b) Categories of Shareholding as at 31<sup>st</sup> March 2009**

Category	No. of Shares Held	Percentage of Shareholding
<b>A Promoter's Holding</b>		
1 Promoters	2,970,934	54.56
2 Persons acting in Concert	Nil	Nil
<b>Sub Total</b>	<b>2,970,934</b>	<b>54.56</b>
<b>B Non Promoters Holding</b>		
1 Mutual funds/FIs/Banks	Nil	Nil
2 FIs	Nil	Nil
3 Body Corporates	483,350	8.88
4 NR/FCB	Nil	Nil
5 Indian Public (Individuals/HUF)	1,990,716	36.56
6 Others-(Clearing Members)	Nil	Nil
7 Shares represented by GDRs	Nil	Nil
<b>Sub Total</b>	<b>2,474,066</b>	<b>45.44</b>
<b>Grand Total</b>	<b>5,445,000</b>	<b>100.00</b>

**XII. Dematerialization of Equity Shares and Liquidity**

DEMAT ISIN 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, 3,053,179 Equity Shares representing 56.07% is held in dematerialised form. The Company has entered into tri partite agreement with M/s National Securities and Depositories Limited (NSDL), Central Depository Services (India) Limited (CDSL) and M/s Knack Corporate Services Private Limited for providing connectivity with the Depositories. The Company's Equity shares are reasonably liquid since the shares are now traded at Bombay Stock Exchange.

**XIII. Outstanding Convertible Instruments**

There are no outstanding convertible instruments.

**XIV. Plant Location**

The Company is engaged in the business of Constructions and Infrastructure Development. Accordingly, the activities are carried on at the concerned location where the projects are being undertaken.

**XV. Address for Correspondence**

The Registered Office of the Company is situated at the following address. Further, all correspondence with the Company can be sent to the 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 Agent,

M/s Knack Corporate Services Private Limited  
17/9, G V House  
Thiruvakkam Street  
Mandavelli, Chennai – 600 028  
Phone : 044 – 4230 3383  
E-Mail : knackcorp@gmail.com

**XVI. Non Mandatory Requirements**

**1. The Board:**

No separate Chairman's office is maintained since there is no Chairman in the Board.

**2. Remuneration Committee:**

Detail regarding the Committee has been provided under heading, 'Committee of Directors' elsewhere in this report.

**3. Shareholders Communications:**

The Company displays its quarterly (unaudited), half yearly (unaudited) and annual (audited) result on its website at [www.margprojects.com](http://www.margprojects.com), which is accessible to all. The results are also published in English newspaper having a wide circulation and in Tamil newspaper having a wide circulation in Tamil Nadu 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 the 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 endeavor to keep themselves updated with changes in global economy & legislation. They attend various workshop and seminars to keep themselves abreast with the changing business environment.

**6. Mechanism for evaluating Non-Executive Board Members:**

The Company has adopted a policy for evaluation of Non-Executive Board Members based on their contribution at the Board and Committee Meetings.

**7. Whistle Blower Policy:**

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

**XVII. Other Corporate Governance Compliance**

◆ **Insider Trading**

Pursuant to the 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. All the employees including the Directors of the Company comply with the 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 CDSL and total issued and listed capital. The Company has obtained Secretarial Audit Reports for all the four quarters during the year ended 31st March 2009 and the same have been forwarded to the 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 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.

The Code of Conduct has been posted on the Company's Web site [www.margprojects.com](http://www.margprojects.com) and a declaration has been made to give effect to the code signed by the Whole Time Director.

◆ **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.

◆ **Report on Corporate Governance**

As required under Clause 49 of the Listing Agreement, this section forms part of Annual Report relating to Corporate Governance containing detailed compliance report on Corporate Governance for both the mandatory and non-mandatory requirements as provided in Annexure- I C and Annexure – I D to the Listing Agreement. The Company also submits a quarterly compliance report to the Stock Exchanges within 15 days from the close of every quarter as per the format provided in Annexure I B to the Listing Agreement.

◆ **Report on Compliance**

As required under Clause 49 of the Listing Agreement, the Company has obtained a certificate from Statutory Auditor of the Company regarding compliance of conditions of Corporate Governance and the same is annexed to the Directors' Report as Annexure 2.

**DECLARATION REGARDING COMPLIANCE BY THE 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.

**The Company has in respect of the financial year ended 31<sup>st</sup> March 2009 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 the purpose of this declaration, Senior Management Personnel means Chief Executive Officer, Chief Financial Officer, Company Secretary, Functional Heads, and employees in the General Manager cadre and above as on 31<sup>st</sup> March 2009.

**For and on behalf of the Board of Directors**

**G S Reddy**  
**Whole-time Director**

**M Abdul Hakkeem**  
**Director**

**Place : Chennai**  
**Date: 31<sup>st</sup> July 2009**

**ANNEXURE I**

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies(Particular of Employees) Rules, 1975

S No.	Name of the Employee	Age (Years)	Designation / Nature of Duties	Date of Joining	Remuneration Received(Rs.)	Qualification	Total Experience (Years)	Previous Employment
Employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 24,00,000/- P.A.								
1	G.S. Reddy	49	Whole - Time Director	20-Jan-04	1,167,365	B.E.	27	Projects and Development Private Limited
Employed for part of the year and were in receipt of remuneration at the rate which in aggregate was not less than Rs. 2,00,000/- P.M.								
2	M K Gupta	52	Executive Director	14-May-08	7,707,028	Mcom.ACS	31	HUDCO
Notes:-								
1 All the employment are contractual.								
2 None of the employee is related to any Director of the Company								
3 Remuneration comprises Salaries, Allowances, Bonus, Commission, Medical Benefits, Leave Travel Assistance, Gratuity and Contribution to Provident Fund & Perquisites valued as per Income Tax Rules								
4 None of the Directors or Employees own more than 2% of the outstanding shares of the Company as on 31st March 2009.								

**For and on behalf of the Board of Directors**

**G S Reddy**

**Whole-time Director**

**Place : Chennai**

**Date: 31<sup>st</sup> July 2009**

**ANNEXURE 2**

To

**The Members of MARG Projects and Infrastructure Limited**

1. We have examined the compliance of conditions of Corporate Governance by MARG PROJECTS AND INFRASTRUCTURE LIMITED, (the company) for the year ended 31st March 2009, as stipulated in clause 49 of the Listing Agreement of the company with the 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 state that no investor grievances are pending for a period exceeding one month against the Company as on 31st March 2009 as per the records maintained by the Shareholders / Investors Grievances Committee of the Company.
5. 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  
M.No.27476**

Place : Chennai  
Date : 30th June 2009

**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF  
MARG PROJECTS AND INFRASTRUCTURE LIMITED  
(Formerly Marg Holdings & Financial Services Limited)**

1. We have audited the attached Balance Sheet of MARG PROJECTS AND INFRASTRUCTURE LIMITED (Formerly Marg Holdings & Financial Services Limited) as on 31st March 2009 and also the Profit & Loss Account and Cash Flow Statement for the year ended 31st March 2009. 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 2009 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 2009;
  - ii. in the case of Profit and Loss Account, of the Profit for the year ended 31st March 2009; and
  - iii. in the case of Cash Flow Statement, of the Cash Flows for the year ended 31st March 2009.

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

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

Place : Chennai  
Date : 30th June 2009

**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  
(Formerly Marg Holdings & Financial Services 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 material 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.
  - 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.
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) There are no disputed amount of statutory dues which have not been deposited with the concerned authorities.
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 2009, 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  
M.No.27476**

Place : Chennai  
Date : 30th June 2009

**BALANCE SHEET**

PARTICULARS	Schedule	As At 31-Mar-2009 Rs	As At 31-Mar-2008 Rs
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	54,450,000	54,450,000
Reserves & Surplus	2	108,945,925	91,698,200
<b>LOAN FUNDS</b>			
Unsecured Loan	3	173,502	-
<b>DEFERRED TAX LIABILITY</b>			
		299,382	-
		<b>163,868,809</b>	<b>146,148,200</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	12,291,700	-
Less : Depreciation		41,084	-
Net Block		<b>12,250,616</b>	-
<b>INVESTMENTS</b>			
	5	16,480,100	21,850,100
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories		18,207,203	-
Sundry Debtors		18,766,812	-
Cash & Bank Balances		6,813,985	1,030,559
Loans & Advances	6	622,858,884	145,802,815
		<b>666,646,884</b>	<b>146,833,374</b>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	7	529,182,904	10,833,295
Provisions		2,325,887	11,701,979
		<b>531,508,791</b>	<b>22,535,274</b>
<b>NET CURRENT ASSETS</b>			
		135,138,093	124,298,100
		<b>163,868,809</b>	<b>146,148,200</b>
<b>NOTES ON ACCOUNTS</b>			
	14		

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  
M.No.27476

**G SRINIVASA REDDY**  
Director

**SUDHIR N SHENOY**  
Director

Place : Chennai  
Date : 30th June 2009

**SATYAKI PRAHARAJ**  
Company Secretary



**PROFIT & LOSS ACCOUNT**

PARTICULARS	Schedule	Year Ended 31-Mar-2009 Rs	Year Ended 31-Mar-2008 Rs
<b>INCOME</b>			
Income from Operations	8	176,915,054	2,247,200
Other Income	9	15,098,902	96,278,302
		<b>192,013,956</b>	<b>98,525,502</b>
<b>EXPENDITURE</b>			
Cost of Operations	10	148,999,537	247,200
Personnel Expenses	11	15,276,487	590,044
Administrative Expenses	12	7,579,961	4,024,913
		<b>171,855,985</b>	<b>4,862,157</b>
<b>PROFIT (LOSS) BEFORE DEPRECIATION, INTEREST &amp; TAX</b>		<b>20,157,971</b>	<b>93,663,345</b>
Depreciation	4	41,084	-
<b>PROFIT (LOSS) BEFORE INTEREST &amp; TAX</b>		<b>20,116,887</b>	<b>93,663,345</b>
Interest & Finance Charges	13	289,780	9,230
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>19,827,107</b>	<b>93,654,115</b>
<b>TAX EXPENSE</b>			
Income Tax		2,255,000	11,701,979
Deferred Tax		299,382	-
Fringe Benefit Tax		25,000	-
<b>PROFIT (LOSS) AFTER TAX</b>		<b>17,247,725</b>	<b>81,952,136</b>
<b>PROFIT (LOSS) BROUGHT FORWARD</b>		<b>63,513,405</b>	<b>(18,438,731)</b>
<b>PROFIT (LOSS) CARRIED TO BALANCE SHEET</b>		<b>80,761,130</b>	<b>63,513,405</b>
<b>EARNINGS PER SHARE</b>			
Basic & Diluted		3.17	15.05
<b>NOTES ON ACCOUNTS</b>	14		

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  
M.No. 27476

**G SRINIVASA REDDY**  
Director

**SUDHIR N SHENOY**  
Director

Place : Chennai  
Date : 30th June 2009

**SATYAKI PRAHARAJ**  
Company Secretary

**SCHEDULES FORMING PART OF ACCOUNTS**

PARTICULARS	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
15,000,000 Equity Shares of Rs.10 each (Previous year 15,000,000 Equity shares of Rs.10 each)	150,000,000	150,000,000
<b>Issued, Subscribed and Paid up Capital</b>		
5,445,000 Equity Shares of Rs.10 each (Previous year 5,445,000 Equity shares of Rs.10 each)	54,450,000	54,450,000
	<b>54,450,000</b>	<b>54,450,000</b>
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>		
<b>Securities Premium</b>	27,639,795	27,639,795
<b>General Reserve</b>	545,000	545,000
<b>Profit &amp; Loss Account</b>		
Opening Balance	63,513,405	(18,438,731)
Add: Profit for the year	17,247,725	81,952,136
	<b>80,761,130</b>	<b>63,513,405</b>
	<b>108,945,925</b>	<b>91,698,200</b>
<b>SCHEDULE 3 : UNSECURED LOAN</b>		
Loan from Companies	173,502	-
	<b>173,502</b>	-

SCHEDULE 4 : FIXED ASSETS

In Rs

Particulars	Gross Block			Depreciation			Net Block			
	As At 31-Mar-08	Additions	Deductions/ Transfers	As At 31-Mar-09	Upto 31-Mar-08	For the Year	Deductions/ Transfers	Upto 31-Mar-09	As At 31-Mar-08	As At 31-Mar-09
Plant & Machinery	-	12,291,700	-	12,291,700	-	41,084	-	41,084	-	12,250,616
Total	-	12,291,700	-	12,291,700	-	41,084	-	41,084	-	12,250,616
Previous Year	-	-	-	-	-	-	-	-	-	-

**SCHEDULES FORMING PART OF ACCOUNTS**

PARTICULARS	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
<b>SCHEDULE 5 : INVESTMENTS</b>		
<b>Investments in Shares ( Long Term, Quoted, Stated at Cost )</b>		
Marg Limited (Previous Year 93,000 Equity Shares of Rs. 10 each fully paid up)	-	930,000
<b>Investments in Shares ( Long Term, Non-Quoted, Stated at Cost )</b>		
Marg Capital Markets Limited (10,000 Equity Shares of Rs. 10 each fully paid up)	100,000	100,000
Exemplarr Worldwide Limited (Previous Year 444,000 Equity Shares of Rs. 10 each fully paid up)	-	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)	5,850,000	5,850,000
	<b>16,480,100</b>	<b>21,850,100</b>
Market Value of Quoted Investments - Nil (Previous Year Rs 35,85,150)		
<b>SCHEDULE 6 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Inventories</b>		
Stock in Site	18,207,203	-
	<b>18,207,203</b>	-
<b>Sundry Debtors</b>		
(Unsecured and considered good)		
Outstanding for more than 6 months	-	-
Others	18,766,812	-
	<b>18,766,812</b>	-
<b>Cash and Bank Balances</b>		
Cash Balance	579,003	602,046
Balances with Scheduled Banks In Current Accounts	6,234,982	428,513
	<b>6,813,985</b>	<b>1,030,559</b>
<b>Loans &amp; Advances</b>		
(Unsecured and considered good)		
Property Advance	-	105,000,000
Advance to Suppliers	5,958,509	-
Advances Recoverable - Others	600,351,505	38,896,258
Prepaid Taxes	16,466,482	-
Staff Advances	82,388	-
Security Deposits	-	1,906,557
	<b>622,858,884</b>	<b>145,802,815</b>
	<b>666,646,884</b>	<b>146,833,374</b>

**SCHEDULES FORMING PART OF ACCOUNTS**

PARTICULARS	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
<b>SCHEDULE 7 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors & Other Liabilities	5,830,959	8,418,340
Advance from Customers	518,400,000	-
Expenses Payable	3,999,658	-
Statutory Dues	952,287	2,414,955
	<b>529,182,904</b>	<b>10,833,295</b>
<b>Provisions</b>		
Income Tax	2,300,887	11,700,000
Fringe Benefit Tax	25,000	1,979
	<b>2,325,887</b>	<b>11,701,979</b>
	<b>531,508,791</b>	<b>22,535,274</b>
<hr/>		
PARTICULARS	Year ended 31-Mar-2009 Rs	Year ended 31-Mar-2008 Rs
<b>SCHEDULE 8 : INCOME FROM OPERATIONS</b>		
Income from Operations	176,915,054	2,247,200
	<b>176,915,054</b>	<b>2,247,200</b>
<b>SCHEDULE 9 : OTHER INCOME</b>		
Miscellaneous Income	559,110	-
Dividend Income	-	800,000
Long Term Capital Gain on Sale of Investments	14,539,792	95,478,302
	<b>15,098,902</b>	<b>96,278,302</b>
<b>SCHEDULE - 10</b>		
<b>COST OF OPERATIONS</b>		
Opening Stock	-	-
Add : Expenditure during the year	167,206,740	247,200
Less: Closing Stock	18,207,203	-
	<b>148,999,537</b>	<b>247,200</b>
<b>SCHEDULE 11 : PERSONNEL EXPENSES</b>		
Salaries & Allowances	11,969,315	537,176
Contribution to Funds	956,659	30,366
Director's Remuneration	1,167,365	-
Staff Welfare Expenses	285,668	14,877
Retirement Benefits	897,480	7,625
	<b>15,276,487</b>	<b>590,044</b>

**SCHEDULES FORMING PART OF ACCOUNTS**

PARTICULARS	Year ended 31-Mar-2009 Rs	Year ended 31-Mar-2008 Rs
<b>SCHEDULE 12 : ADMINISTRATIVE EXPENSES</b>		
Traveling and Conveyance	1,215,286	38,267
Vehicle Maintainance	29,533	-
Communication Expenses	36,259	-
Advertisement Expenses	1,673,557	530,770
Audit Fee	55,150	33,708
Audit Fee - Other Services	-	11,236
Secretarial Expenses	893,523	327,724
Professional & Legal Fees	254,819	25,750
Bad Debts	-	1,516,316
Deposits written off	1,906,557	-
Settlement Expenses	1,500,000	-
Loss on Sale of Assets	-	1,536,925
Printing & Stationery	6,283	4,217
General Expenses	8,994	-
	<b>7,579,961</b>	<b>4,024,913</b>
<b>SCHEDULE 13 : INTEREST &amp; FINANCE CHARGES</b>		
Bank & Finance Charges	11,428	6,513
Interest	278,352	2,717
	<b>289,780</b>	<b>9,230</b>

**MARG PROJECTS AND INFRASTRUCTURE LTD**  
(Formerly Marg Holdings & Financial Services Limited)

**SCHEDULE FORMING PART OF ACCOUNTS**

**SCHEDULE 14 : 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 written down value 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. LEASES**

The Company has no lease obligations.

**E. 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.

**F. 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.

#### **G RETIREMENT BENEFITS**

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

The Gratuity and Leave Encashment benefits are being accounted on actuarial valuation basis.

#### **H. 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.

#### **I. 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.

#### **J. 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.



**SCHEDULES FORMING PART OF ACCOUNTS**

**NOTES ON ACCOUNTS**

1. Contingent Liabilities: Nil (Previous Year: Nil)
2. Estimated amount of liability on capital contracts: Nil (Previous year : Nil)
3. 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 Rs. 299,382 has been provided for deferred tax liability from the profits of the current year.
4. Balances of Sundry Debtors, Sundry Creditors and other balances are subject to confirmation by the parties.
5. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises
8. Earnings Per Share(EPS)

- 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.
6. 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.
  7. Related Parties Disclosures:  
(a) The following are the Individuals having significant influence on the Company.
    1. GRK Reddy
    2. VP Ranjini Reddy
 (b) There were no transactions carried out with the related parties in the current financial year.

S.No.	Particulars	Year Ended 31st March 2009	Year Ended 31st March 2008
a.	Profit after Tax (Rs) for Basic & Diluted EPS	1, 72, 47,725	8,19,52,136
b.	Weighted average number of equity shares (Nos) For Basic & Diluted EPS	54,45,000	54,45,000
c.	Earnings Per Share (Rs.) For Basic & Diluted EPS	3.17	15.05

9. In the opinion of the Management, Current Assets, Loans & Advances have a value on realization equal to the amount at which they are stated in the Balance Sheet and Provision for all known liabilities has been made.

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 14  
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  
M.No. : 27476

**G SRINIVASA REDDY**  
Director

**SUDHIR N SHENOY**  
Director

Place : Chennai  
Date : 30th June 2009

**SATYAKI PRAHARAJ**  
Company Secretary

**AUDITORS' REPORT**

We have examined the Cash Flow Statement of Marg Projects and Infrastructure Limited (Formerly Marg Holdings & Financial Services Limited) for the year ended 31<sup>st</sup> March 2009. 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 & Loss Account and the 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  
M.No. : 27476**

Place : Chennai  
Date : 30th June 2009

**CASH FLOW STATEMENT**

S.No.	Particulars	Year Ended 31st March 2009 Rs.	Year Ended 31st March 2008 Rs.
A	<b>Cash Flow from Operating Activities:</b>		
	Net Profit before Taxation and Extraordinary Item	1,98,27,107	9,36,54,115
	Adjustments for:		
	Depreciation	41,084	-
	Preliminary & Public Issue Expenses Written off	-	-
	<b>Operating Profit before Working Capital Changes</b>	<b>1,98,68,191</b>	<b>9,36,54,115</b>
	Decrease in Inventories	(1,82,07,203)	-
	Decrease in Sundry Debtors	(1,87,66,812)	3,77,08,000
	Decrease in Loans & Advances	(47,70,56,069)	(12,07,64,286)
	Increase in Current Liabilities	50,89,73,517	11,82,317
	<b>Cash Generated from Operations</b>	<b>1,48,11,624</b>	<b>1,17,80,146</b>
	Fringe Benefit Tax Paid	25,000	1,979
	Income Tax Paid	22,55,000	1,17,00,000
	<b>Cash Flow before Extraordinary Items</b>	<b>1,25,31,624</b>	<b>78,167</b>
	Adjustment for Extraordinary Items	-	-
	<b>Net Cash from Operating Activities (A)</b>	<b>1,25,31,624</b>	<b>78,167</b>
B	<b>Cash Flows from Investing Activities:</b>		
	Purchase of Fixed Assets	(1,22,91,700)	26,46,076
	Sale of Investments	53,70,000	(27,80,000)
	<b>Net Cash from Investing Activities (B)</b>	<b>(69,21,700)</b>	<b>(1,33,924)</b>
C	<b>Cash Flow from Financing Activities:</b>		
	Proceeds from issuance of Share Capital	-	2,82,591
	Increase in Unsecured Loan	1,73,502	-
	<b>Net Cash used in Financing Activities (C)</b>	<b>1,73,502</b>	<b>2,82,591</b>
	<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>57,83,426</b>	<b>2,26,834</b>
	<b>Cash and Cash Equivalents at beginning of Period</b>	<b>10,30,559</b>	<b>8,03,725</b>
	<b>Cash and Cash Equivalents at end of period</b>	<b>68,13,985</b>	<b>10,30,559</b>

As per our Report of even date attached

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

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

Place : Chennai  
Date : 30th June 2009

For and on behalf of Board of Directors

**G SRINIVASA REDDY**  
Director

**SUDHIR N SHENOY**  
Director

**SATYAKI PRAHARAJ**  
Company Secretary

**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 2009

**II. Capital raised during the year (Amount in Rupees Thousands)**

a) Public Issue: Nil

c) Right 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: 163,868.81

b) Total Assets: 163,868.81

**IV. Source of Funds (Amount in Rupees Thousands)**

a) Paid up capital: 54,450.00

b) Reserve & Surplus: 108,945.92

c) Secured Loans: Nil

d) Unsecured Loans: 173.50

e) Deferred Tax Liability: 299.38

**V. Application of Funds (Amount in Rupees Thousands)**

a) Net Fixed Assets: 12,250.62

b) Investments: 16,480.10

c) Net Current Assets: 135,138.09

d) Accumulated Losses: Nil

e) Miscellaneous Expenditure: Nil

**VI. Performance of Company (Amount in Rupees Thousands)**

a) Turnover: 176,915.05

b) Total Expenditure: 171,855.98

c) Profit /Loss before Tax: 19,827.11

d) Profit / Loss after Tax: 17,247.73

e) Earning per Share in Rs. 3.17

f) Dividend rate: Nil

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

a) Item Code No: DIVISION 45

b) Product Description: Construction