

HARIBHAKTI & CO. LLP

Chartered Accountants

The Board of Directors

Marathon Nextgen Realty Limited

Marathon Future X,

N.M Joshi Marg,

Lower Parel,

Mumbai 400 013

Independent Auditor's Report on buy back of shares pursuant to the requirement of conditions mentioned in terms of Clause (xi) of Part A of Schedule II to the Securities and Exchange Board of India (Buy-back of securities) Regulations, 1998, as amended

1. This Report is issued in accordance with the terms of our engagement letter dated March 7, 2017.
2. In connection with the proposal of Marathon Nextgen Realty Limited (the "Company"), and as approved by its Board of Directors at its meeting held on March 17, 2017, which is subject to the approval of the shareholders of the Company to buy back its equity shares and in pursuance of the provisions of Section 68 and 70 of the Companies Act, 2013 ('the Act') and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended ('the Regulations'), we have been engaged by the Company to perform a reasonable assurance engagement on the reporting criteria, specified in paragraph 6 of this report. The accompanying Statement of determination of permissible capital payment towards Buy-back of Equity Shares ("the Statement") is set out in Annexure A which we have initialled for identification purpose only.

Management's Responsibility

3. The preparation of the Statement is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management is also responsible for ensuring that the Company complies with the requirements of the Regulations and provides all relevant information to Registrar of Companies, Securities and Exchange Board of India, Stock Exchanges, National Securities Depository Limited and the Central Depository Securities (India) Limited.
5. The Board of Directors are responsible for the following:
 - a. Appropriately determining the amount of permissible capital payment towards the Buy-back of equity shares in accordance with Section 68 of the Act;
 - b. To make a full inquiry into the affairs and prospectus of the Company and to form an opinion that the Company will not be rendered insolvent within a period of one year from the date of board meeting and the date on which the result of the shareholders' resolution passed by way of postal ballot/ e-voting approving the Buy-back is declared; and
 - c. A declaration signed by at least 2 directors of the Company, that the Board of Directors has made full inquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date of the board meeting and the shareholders resolution process by way of postal ballot and/or e-voting approving the buyback is declared and in forming the



opinion, it has taken into account the liabilities as if the Company were being wound up under the provisions of the Act.

Auditor's Responsibility

6. Pursuant to the requirements of conditions mentioned in terms of Clause (xi) of Part A of Schedule II of the Regulations, it is our responsibility to provide a reasonable assurance:
 - i. Whether we have inquired into the Company's State of Affairs as on March 31, 2016 based on audited standalone financial statements;
 - ii. Whether the amount of capital payment for the Buy-back is within the permissible limit and computed in accordance with the provisions of Section 68 of the Act;
 - iii. Whether the Board of Directors has formed their opinion, as specified in Clause (x) of Part A of Schedule II of the Regulations, on a reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from the date on which the results of the postal ballot for Buy-back of its Equity shares will be declared; and
 - iv. Whether we are aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration is unreasonable in circumstances as at the date of declaration.
7. The standalone financial statements of the Company for the financial year ended March 31, 2016 referred to in paragraph 6 above, have been audited by us on which we issued an unmodified audit opinion vide our report dated May 30, 2016. Our audit of these standalone financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free of material misstatement.
8. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this Certificate.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.
10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mentioned in paragraph 6 above. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:
 - i. We have inquired into the state of affairs of the Company in relation to its audited standalone financial statements for the year ended March 31, 2016;
 - ii. Examined authorisation for buyback from the Articles of Association of the Company;
 - iii. Examined that the amount of capital payment for the buy-back as detailed in Annexure A is within permissible limit computed in accordance with section 68 of the Act;
 - iv. Examined that the ratio of debt owned by the Company, is not more than twice the paid up equity share capital and its free reserve after such buy-back;



HARIBHAKTI & CO. LLP

Chartered Accountants

- v. Examined that all Equity shares for buy-back are fully paid-up;
- vi. Examined resolution passed in the meeting of the Board of Directors;
- vii. Examined Director's declarations for the purpose of buy back and solvency of the Company;
- viii. Examined the copy of Explanatory Statement to the notice of general meeting for passing special resolution with regard to the buy-back of equity shares as per Schedule II of the Regulations ('the Explanatory Statement');
- ix. Obtained necessary representations from the management of the Company.

Opinion

Based on our examination and procedures performed by us as mentioned above, and the information and explanations given to us, we report that:

- 1) We have inquired into the Company's state of affairs as on March 31, 2016;
- 2) The permissible capital payment towards Buy-back of Equity shares, as stated in Annexure A, is properly determined in accordance with Section 68 of the Act and is not exceeding 25% of the total paid up capital and free reserves of the Company ; and
- 3) The Board of Directors, in their meeting held on March 17, 2017, have formed their opinion, as specified in clause (x) of Part A of Schedule II of the Regulations, on reasonable grounds, that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date on which the result of the shareholders' resolution passed by way of postal ballot/ e-voting approving the Buy-back is declared. We are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration is unreasonable in circumstances as at the date of declaration.

Restriction on Use

This report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Regulations solely to enable them to include it (a) in the explanatory statement to be included in the postal ballot notice to be circulated to the shareholders (b) in the public announcement to be made to the Shareholders of the Company, (c) in the draft letter of offer and letter of offer to be filed with the Securities and Exchange Board of India, the stock exchanges, the Registrar of Companies as required by the Regulations, the National Securities Depository Limited and the Central Depository Securities (India) Limited, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing. Haribhakti & Co. LLP shall not be liable to the Company, Securities and Exchange Board of India, the stock exchanges, the Registrar of Companies as required by the Regulations, the National Securities Depository Limited and the Central Depository Securities (India) Limited or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048



Snehal Shah

Partner

Membership No.048539

Encl: Statement of determination of permissible capital repayment towards Buy-back

Mumbai: March 17, 2017



MARATHON NEXTGEN REALTY LTD.

 Corporate Office:
 702, Marathon Max,
 Mulund-Goregaon Link Road,
 Mulund (West), Mumbai - 400 080.
 Tel.: +91-22-6724 8484 / 88
 Fax: +91-22-6772 8408
 E-mail: marathon@marathonrealty.com
 Website: www.marathonrealty.com
 CIN: L65990MH1978PLC020080

Annexure A

Statement of determination of permissible capital payment towards Buy-back of Equity Shares ("the Statement") in accordance with the provisions of Section 68 (2) (b) and (c) of the Companies Act, 2013

Particulars	Amount (Rs.in Million)	Amount (Rs.in Million)
Total paid up equity share capital as at March 31, 2016*		
28,437,345 equity Shares of Rs.10 each, fully paid up		284.37
Free reserves as per audited standalone financial statements as on March 31, 2016* -		
General Reserves	3,407.71	
Net surplus in the Statement of profit and loss	2,441.15	5,848.86
Total of paid up equity capital and free reserves as at March 31, 2016		6,133.23
Maximum amount permissible for Buy-back (i.e 25% of aggregate of paid-up capital and free reserves, with Board approval, which is subject to Shareholder approval) under section 68 (2) (b) and (c) of the Companies Act, 2013		1,533.31
Maximum amount permitted by Board resolution dated March 17, 2017 approving Buy-back, based on the standalone audited accounts for the year March 31, 2016, which is subject to Shareholder approval		1,495.27

*Calculation in respect to the Buy-back is done on basis of standalone audited financial statements of the Company for the year ended March 31, 2016.

For Marathon Nextgen Realty Limited



 S. Ramamurthi
 Whole-Time Director and C.F.O.

Place: Mumbai

Date: March 17, 2017

