INVIEWS HORSE

MARATHON NEXTGEN REALTY LTD.

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To:

The Bomaby Stock Exchange Ltd.

P.J.Towers, Mumbai.

400001.

Dear Sirs,

Sub: Recommendation of Audit Committee for the Proposed Scheme of Merger of Wholly Owned Subsidiary with Parent Company.

In the matter of the proposed Scheme of Amalgamation of Parmeka Pvt Ltd(Transferor), a Wholly Owned Subsidiary with of Marathon Nextgen Realty Ltd(Transferee):

The proposed Scheme of Merger is between the Wholly Owned Subsidiary and the Parent Company, NO NEW SHARES ARE proposed to be issued and hence the tabling of Valuation report before the Committee does not arise. The Audit Committee of the Company hereby recommend the Scheme to be forwarded to BSE for their approval. The Salient Features of the Scheme are hereunder:

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1. Disclosure information:

Name of the entities	Size & Turn	Whether RPT	Consideration	Any change
forming part of	over			in
merger / Area of				Shareholding
Business				Pattern of
				Listed entity
Marathon Nextgen	Net worth as on	No-As per	NIL	NO
Realty Ltd-	March 31,2015:	Companies		
(MNRL)Listed entity	Rs.541 crore	Act 2013(Sec	Wholly	
		188)	Owned	
AND			Subsidiary	
			getting	
Parmeka Pvt	Net worth as on	Non	merged with	
Ltd(PPL)	March 31,2015:	* *	its Parent	
	Rs.124 crore	of Clause 49	Company	
Both are in similar		of LA.	r · · /	
area of business .i.e		(between the		
Real estate and		Holding &		
construction		WOS).		

2. The Amalgamation envisages, inter-alia:

I. Transfer and vesting of the whole of the undertaking

The Scheme proposes the transfer and vesting of the whole of the undertaking and entire business of the Transferor company (PPL) as a going concern, all its assets, liabilities, rights, licences and powers, and all its debts, outstanding, liabilities, duties, obligations and employees with the Transferee Company (Company). Upon coming into effect of the Scheme, the Transferor company shall stand dissolved without winding

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up, and the Board of Directors of the Transferors company and any committees thereof, shall without any further act, instrument or deed stand dissolved.

II. Rationale of the Amalgamation:

- (i) Simplified corporate structure.
- (ii) Rationalization of administrative and operative costs;
- (iii) Post amalgamation of PPL with MNRL, PPL will be dissolved. Consequently lesser regulatory and legal compliance obligations including accounting, reporting requirements, statutory and tax filings, company law requirements etc.
- (iv) The rationale being to augment better value for the investment so far made, thus to optimize the shareholders wealth in the best interest of the Company.
- (v) Enable cost saving and optimum utilization of resources which will enhance the management focus thereby leading to higher operational efficiency.
- c. Governing Sections (provisions) of the Companies Act 1956: Sections 391 to 394.
- d. The Draft scheme needs to be filed with Stock Exchange for obtaining the Observation Letter or No-objection Letter BEFORE filing such scheme with any Court or Tribunal.
- e. Applicability regarding the Placing of Valuation Report before the Audit Committee (AC)-regarding:
 - a. SEBI has clarified (CIR/CFD/DIL/8/2013 dtd May 21, 2013) that Valuation report from an Independent CA need not be required in cases where there is **no change** in the shareholding pattern of the Listed Company/resultant company.

Example: "no change in shareholding pattern": In case of wholly owned subsidiary of a listed company is merged with the parent listed company, where the shareholders and the shareholding pattern of entity (listed) remains the same, it will be treated as "no change in shareholding pattern".

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- b. Hence in this case there is no need of attaching a Valuation Report along with the draft scheme.
- c. Pre& post amalgamation shareholding pattern of unlisted company-PPL:

Pre Amalgamation- Wholly Owned Subsidiary (WOS) of MNRL (100% -10,000 Equity shares of Rs.10/-each, the holder-MNRL)-.

Post Amalgamation-WOS getting merged with (Parent Listed Company) MNRL.

- d. Audited financials of last 3 years of unlisted company (PPL) are available.
- e. Compliance of clause 49 of LA: The Listed Company -MNRL is Compliant with Clause 49 of LA.

The Scheme also provides that ,the Scheme shall be acted upon only, if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.

The BSE, upon receipt of comments from SEBI, shall issue Observation letter/No Objection letter to the listed company after incorporating the comments received from SEBI, within 7 days of receipt of comments from SEBI on the draft Scheme.

The validity of the Observation Letter or No Objection letter is 6 months.

The Company shall ensure that the Scheme has a provision for voting by shareholder through Postal Ballot. (Sec 110 of Companies Act-2013):

The BSE shall bring the Observation or Objections, as the case may be, to the notice of Court or Tribunal at the time of approval of the Scheme.

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of pound, N.M. Joshi Marg, Lower Parel-West, Mumbai - 400 013.

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- a. Authorize the Company Secretary of the Company to issue notice of Postal Ballot, post receipt of the Observation/No Objection letter from BSE/SEBI.-Draft attached.
- b. Appointment of Scrutinizer for ascertaining the results of the Postal Ballot & e-voting by the shareholders.
- c. Immediately upon filing the draft Scheme with the BSE, the Listed Company should disclose the Draft scheme and the documents on its **website**.

The Audit Committee after discussions, recommended the draft "Scheme of Amalgamation of "Parmeka Private Ltd" (PPL), with the Company, with effect from October 1,2015 being the "Appointed Date", subject to the appropriate approvals of the (SEBI,BSE), shareholders (equity) through Postal Ballot, secured and unsecured creditors, if any of the Company and the Hon'able High Court of Judicature at Mumbai, pursuant to Sections 391 to 395 of the Companies Act 1956/Companies Act 2013.

Upon the coming into effect of the Scheme (October 1,2015)the entire share holding held (Equity & Preference) by the Company in PPL ,the wholly owned subsidiary company, shall stand cancelled and extinguished in terms of the Scheme without any other act or deed or thing to be done No shares or consideration shall be issued or paid by the Company as Transferee to the Transferor company pursuant to such cancellation.



Audit Committee of Directors. Marathon Nextgen Realty Ltd.

Place:Mumbai-13

Date: November 3,2015

Registered Office: Marathon Futurex, Mafatlal Mills Compound, N.M. Joshi Marg, Lower Parel-West, Mumbai - 400 013.