

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

To:

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

2. The Amalgamation envisages,inter-alia :

1. 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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- 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.**



Chairman

Audit Committee of Directors.

Marathon Nextgen Realty Ltd.

Place:Mumbai-13

Date: November 3,2015

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