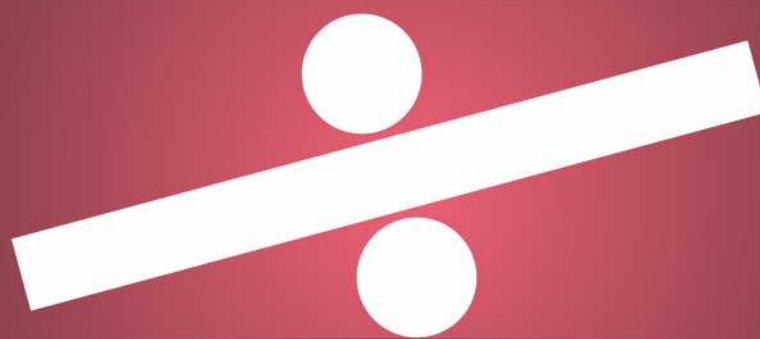


FUTURE WILL **SEE** NEW BENCHMARKS.  
PAST **SAW** THE PERFORMANCE.





Corporate world is full of ups & downs. What makes an impact is the balance maintained between the both. The knack to put everything is a synchronous harmony achieving desired results year over year. When we see the future, the past always reflects itself in our endeavours, helping us distinctly observe, analyse and decipher the growth pattern.

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## CHAIRMAN'S SPEECH



Dear Fellow Shareholders,

It is my privilege to present to you the Company's performance for the year ended March 2011.

The year gone by saw the Real Estate sector in a state of flux when we experienced the country's economic growth falter as a sequel to the financial performance across the globe.

### **GLOBAL TRENDS:**

The global economy saw trends of failing to gain strength during the year and the fear of double dip recession increased and the recovery seem still some time away before more self sustaining and significant growth patterns emerge. Lack of fiscal prudence in advanced countries poses a serious threat to the growth paradigm as many economies are on the brink of collapse awaiting bailout packages that may or may not succeed even if available.

Just as it is true for a small family to live within its means, it is also true and necessary for any organization or a state to live within its means. Surviving on borrowed funds can work only temporarily as far as the growth momentum continues. When the growth slows down or stops, it would necessarily mean that funds earmarked for development find their way to pay for overdue debt. To sustain recovery there needs to be a concerted effort to tighten belts and curb wasteful expenditure. This would also largely depend on the monetary policies remaining soft and at the same time achieve financial consolidation in a macroeconomic environment of high unemployment, funding requirements of the weak financial sector and a depressed real estate sector especially in the United States and many developed countries in the Euro Zone.

### **DOMESTIC TRENDS:**

In contrast the emerging and developing markets that fared comparatively better during the crisis continue to record good growth. Developing Asia has in fact recorded a growth of 9% in 2010 and India is slated to grow between the pessimistic growth estimate of 7% and an optimistic estimate of 8.5% during 2011 despite constraints of high rate of commodity prices and a burgeoning oil prices. Advantage available to growing economies like India is going to come from reduction in oil prices which are likely to take place when developed economies tighten their spending on oil related consumption.

Despite adverse factors that include high rates of inflation and a shift in the composition of capital inflows India is better placed among its peers in Asia and the other emerging countries. This is basically as a result of efficient regulations and well governed financial markets. Further the extent of public intervention was largely aimed by the Government to stimulate growth without affecting the medium to long term stability; this augurs well as corroborated by the 9th European Survey by Ernst & Young, India is well placed and will continue to be an attractive investment destination for global investors.

### **THE REAL ESTATE SECTOR IN INDIA:**

Indian government and Reserve Bank of India has taken various steps to tame the spiraling inflation in India. One of the tools available to RBI is the control of interest rates – Repo rate. India has seen several such rate hikes in current year and some more could be in the offing. This may be good to control inflation. However, this will affect the short term growth prospects of Indian industries and in the short term, the worst affected sector is likely to be Real Estate.

In a medium to long term, this is expected to be reversed and will benefit Indian growth scenario. In a report of the Department of Industrial Policy and Planning, (DIPP), Foreign Direct Investment in the realty sector for the period April 2010 to January 2011 stood at a little over a billion dollars. This though a trifle on the lower end is encouraging, given the macroeconomic tendencies and the continuing regulatory compliances imposed on the sector by the statutory authorities. Efforts by government in this direction will lead to availability of much needed liquidity to the real estate sector.

In so far as your company is concerned, its presence is predominantly felt in the residential and commercial sectors with a distinct bias towards the premium end of these segments. Our costs of producing the flats and offices have been kept in control to achieve a high profitable margin even in depressed sale rate scenarios that are prevalent currently.

Despite several constraints the residential sector shows encouraging growth demands in all segments. At the macroeconomic level the demand for residential units in India is expected to remain strong as estimates show huge deficit especially in the supply of mass housing. According to estimates published by Cushman & Wakefield, demand for residential units in India is estimated to be over 7.5 million units between 2009 and 2013. However a bulk of this demand would be in the affordable segment which is a new foray that your company has not ventured into as yet. If the market scenario remains the same for long period, foray into affordable segment is something that the company would contemplate.

There has been a significant lag in the market for commercial and retail space. However during the latter part of the fiscal year there has been a revival in the footfalls which should turn into structured deals during the current year.

#### **ANNUAL RESULTS:**

During the current year your company's turnover has been predominantly from sale of commercial space from its signature project Marathon Nextgen Innova.

The company had changed its marketing strategy by selectively offering small and medium size commercial space. This has provided a unique opportunity to this segment to operate out of the state-of-the-art commercial structure.

The company completed the process of issuing its third bonus issue after the present management took over the control over your company. The dividend proposed by the Board of Directors, when approved by the shareholders, would be payable fully on the bonus shares as well.

#### **FUTURE PROSPECTS:**

The company has three joint ventures on the anvil.

The first is the development of a prime property in South Mumbai that is spread over Thirteen Acres. All the regulatory sanctions are in place and construction is likely to commence in the third quarter this year.

The second is the development of a prestigious commercial-cum-housing project in the eastern suburbs. The project is on stream and results would start showing up in the near future.

The third project is a large area in the western suburbs where certain legal issues need to be resolved and statutory compliances are yet to be completed.

The company has a strong balance sheet and a sound business module. There are many opportunities that are available to it. These are being carefully weighed before entering into them.

#### **ACKNOWLEDGEMENTS:**

I would like to express my sincere gratitude to my fellow colleagues on the board and thank the entire Marathon Team, the stakeholders and all associates for all the help and guidance received.

Warm Regards,

**CHETAN R. SHAH**  
CHAIRMAN AND MANAGING DIRECTOR

## VICE CHAIRMAN'S SPEECH



Dear Shareholder,

Any success is based on a philosophy that is followed from beginning till end with consistency and diligence. Your company's results year after year has proved the consistency and focused endeavours towards bringing latest to the world of real estate with innovation and hardwork hand in hand.

It is the 80th year since 1922 when Marathon was established and today, it is by virtue of experience and knowledge, considered as an innovator and presenter of best facilities unheard of in the Mumbai Real Estate Domain. Marathon was the first to introduce residential building with lift and also the first to develop a Helipad atop a residential building. The tall benchmarks of achievements however, are the results of our deep rooted 6-Pillar Philosophy that is applied in every aspect of our projects. These pillars are:

1. Finding the right land that ensures appreciation
2. Conceptualising each project in master planning to deliver maximum benefit by making optimum use of available land
3. Creating an ideal product by taking advantage of location as well as identifying the prospective customers' aspirations
4. Construction innovations that deliver outstanding structures
5. Evolving a well informed marketing strategy to enhance customer awareness and aid decision-making
6. Thorough maintenance of structures that nurture relationship

These factors of high precision have led Marathon as group and MNRL as a company, create benchmarks of quality and excellence. MNRL has rendered brilliance in all shapes in both residential and commercial arenas. Projects like NextGen Era-36 storied residential tower, NextGen Innova- 8 storied commercial building, have set the skyline of the city in its own trend, leaving others to follow.

Having done this, Marathon has a prestigious land bank at all the strategic locations of the city with a wider scope for appreciation and further growth. Locations like Byculla, Kandivali and many other places across Mumbai are going to mark the path of futuristic development with an iconic imagery.

Today, we are here because of your love and unaltered support as our backbone of core strength. Combining the forces of your continued appreciation and our corporate philosophy, we are now aiming for the next level of challenges ready to meet us enroute.

I, once again, thank and oblige the level of co-operation we have received from you. It is truly encouraging to see us growing year-by-year.

We hope, we keep redefining ourselves and the industry every day, every way.

Warm Regards,

**MAYUR R. SHAH**  
Vice Chairman

**HIGH-RISE RESIDENCES**

**TOWNSHIPS**



**MARATHON  
NEXTGEN ERA**  
Lower Parel



**MARATHON  
MONTE VISTA**  
Mulund (W)



**MARATHON  
MONTE CARLO**  
Mulund (W)



**MARATHON NEXZONE**  
Panvel

**COMMERCIAL PROJECTS**

**RETAIL**



**MARATHON  
FUTUREX**  
Lower Parel



**MARATHON  
NEXTGEN ICON**  
Lower Parel



**MARATHON  
MONTE PLAZA**  
Mulund (W)



**MARATHON NAGARI**  
Badlapur (E)

**OUR GROUP PROJECTS**

Marathon Nextgen Realty Ltd. in the short span of 7 years have emerged as one of the major real estate players in the Mumbai Metropolitan Region (MMR) with its contribution setting new benchmarks in the real estate developments across various locations in both residential and as well commercial segments in terms of innovation in technologies as well as creating destinations.

We were perhaps the first developer to introduce advance technologies in real estate in India apart from the few public sector construction companies. Looking at the current pace of country's economic growth, future prospects is certainly bright and welcoming.

# VALUES



Being a progressive organisation, Marathon Nextgen Realty holds its inception values strongly with pride, and redraws them in each project and endeavour, growing along with people, community, state and trends, finally adding a valuable contribution to lifestyle is what stems from the values ingrained.



## VISION & MISSION

### Vision for a better world

We continue on the path that we have been treading on since we started. It has been a journey of constant innovation, of setting new benchmarks in the real estate industry, of offering our customers, which include individuals, businesses, institutions, infrastructure, new amenities, new technologies and new benefits never seen before in India. We are building a road where none exists. A road on which others shall follow us.



The customer is our prime focus. We aim to enhance lives through our innovations. All our actions revolve around our customers. We acquire land that has the potential for value and appreciation. We develop it by conceptualising a product that takes care of the needs and aspirations. We bring it to reality through technology and talent; and we deliver more than promised. We also continue to be of service, even after we have delivered.

At Marathon, the customer is our dharma.

# CORPORATE BOARD OF DIRECTORS



**Mr. Chetan R. Shah**  
Chairman & Managing Director



**Mr. Mayur R. Shah**  
Vice Chairman & Director



**Mr. S. Ramamurthi**  
Whole Time Director



**Mr. V. Nagarajan**  
Director



**Mr. V. Ranganathan**  
Director



**Mr. Padmanabha Shetty**  
Director

Company Secretary:	Mr. K.S. Raghavan
Registered Office:	Marathon Nextgen Realty Ltd., Marathon Futurex, Mafatlal Mills Compound, N. M. Joshi Marg, Lower Parel (W), Mumbai - 400013.
Corporate Office:	702, Marathon Max, Mulund-Goregaon Link Road, Mulund (W)
Auditors:	Haribhakti & Co. Chartered Accountants
Bankers:	AXIS Bank Ltd., HDFC Bank Ltd.
Share Transfer Agents:	Adroit Corporate Services Pvt. Ltd. 19/20, Jafferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400 059.
A.G.M:	Tuesday, September 20, 2011
Venue:	Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai - 400 018



Results define the efforts' strength. Achievement outlines the path of progress. This year has been equally rewarding as the last with notifiable developments in the way the group has performed and succeeded.

A conjoined effect of our will, dedication and the continued support from our well wishers, we hope the results stand true on the expectations.

# NOTICE

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the members of MARATHON NEXTGEN REALTY LIMITED will be held at Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai - 400 018 on Tuesday, 20<sup>th</sup> September, 2011 at 12:30 p.m. to transact the following business:

## A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet for the year ended on 31<sup>st</sup> March, 2011 and the Profit and Loss Account as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To declare Dividend on Preference Shares.
4. To appoint a Director in place of Mr. Padmanabha Shetty, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Haribhakti & Co., Chartered Accountants, retiring Auditors, as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorize the Board to determine their remuneration.

## B. SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 269 read with Parts I, II and III of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the reappointment of Mr. S. Ramamurthi as Whole Time Director of the Company for a period of three years effective from 1<sup>st</sup> May, 2011 as per the terms set out in the draft agreement to be entered into between the Company and Mr. S. Ramamurthi with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Mr.S.Ramamurthi."

**"RESOLVED FURTHER THAT** notwithstanding anything contained in Part II of the Schedule XIII of the Companies Act, 1956, Mr. S. Ramamurthi will not be paid any remuneration whatsoever for the services being rendered by him during the tenure of his appointment as Whole Time Director of the company until such time the Board decides otherwise except the reimbursement of vehicle expenses, entertainment and/or other expenses, if any, at actuals incurred by him for and on behalf of the Company."

7. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

**"RESOLVED THAT** pursuant to Section 163(1) of the Companies Act, 1956, consent of the shareholders be and is hereby accorded to the Board of Directors of the Company for keeping the Register of Members together with indices, returns, copies of certificates, other secretarial documents and Statutory Records of Accounts, Finance and other departments, instead of being kept at the Registered Office of the Company at Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai- 400013, be kept at the Company's Corporate Office at 702, Marathon Max, Off. L.B.S. Marg, Goregaon-Mulund Link Road, Mulund (W), Mumbai- 400080 where the necessary registers, indices, returns, records as mentioned above shall remain open for inspection during business hours of the Company from 11:00 a.m. to 12:30 p.m. except Saturdays, Sundays and Public holidays."

### Registered Office:

Marathon Futurex,  
N.M. Joshi Marg,  
Lower Parel,  
Mumbai-400013  
Date: 30.5. 2011

### By Order of the Board

**K. S. Raghavan**  
Company Secretary

# NOTICE

## NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
4. Members are requested to send all communications relating to shares, unclaimed dividends and intimate any changes in their address to the Registrar and Share Transfer Agents, M/s Adroit Corporate Services Pvt. Ltd., 19/20, Jafferbhoy Ind. Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai- 400 059. "Adroit" is also the Depository interface of the Company with both NSDL and CDSL.
5. Subject to Section 206A of the Companies Act, 1956, the dividend as recommended by the Board, if approved at the 34th Annual General Meeting, will be paid to those members whose names stand on the Company's Register of Members as on 20<sup>th</sup> September, 2011. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for this purpose.
6. The dividend on Preference Shares as recommended by the Directors for the year ended 31st March, 2011 will be payable after 25<sup>th</sup> September, 2011.
7. Electronic Clearing Services (ECS) helps in quick remittance of Dividend without possible loss/delay in postal transit. Members are requested to fill in the enclosed form and forward the same to Company's Registrar and Share Transfer Agents if the shares held in physical form and to the Depository Participant in case the shares are held in dematerialized form.
8. Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the "Investor Education and Protection Fund" constituted by the Central Government. Accordingly, the Members who have not encashed the dividend warrants are requested to encash the same soon.
9. The Register of members and the share transfer books of the Company will remain closed from 13<sup>th</sup> September, 2011 to 20<sup>th</sup> September, 2011 (both days inclusive) for payment of dividend.
10. The shareholders are requested to intimate any change in their addresses to the Share Transfer Agents of the Company.
11. The shareholders holding the scrip in physical form are requested to dematerialise their scrip in electronic form.
12. As a part of Green Initiative all the members are requested to provide their e-mail address to the RTA/Company to enable to send the reports and other information through electronic mode.

### Registered Office:

Marathon Futurex,  
N.M. Joshi Marg,  
Lower Parel,  
Mumbai-400013  
Date: 30.5.2011

### By Order of the Board

K. S. Raghavan  
Company Secretary

# NOTICE

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No. 6:

The term of appointment of Mr. S. Ramamurthi as Whole Time Director without remuneration has expired on 30th April, 2011. The Board of Directors of the Company at its meeting held on 30th May, 2011 approved his re-appointment as Whole Time Director of the Company for a further period of three years effective from 1st May, 2011. He will not be paid any remuneration for the services rendered by him except the reimbursement of vehicle and entertainment and/or other expenses at actuals incurred by him on behalf of the Company. Mr. S. Ramamurthi has expressed his consent for the re-appointment as Whole Time Director without remuneration, if appointed.

This appointment, if made, would be within the provisions contained in Parts I, II and III of Schedule XIII of the Companies Act, 1956.

The above information together with the corresponding resolution in the Notice may be treated as an abstract of the terms of re-appointment of Mr. S. Ramamurthi as Whole Time Director for the purpose of Section 302 of the Companies Act, 1956.

The Board recommends passing of the resolution.

Except Mr. S. Ramamurthi, none of the Directors is concerned or interested in the said Resolution.

A draft copy of the Agreement for the reappointment of Mr. S. Ramamurthi as Whole Time Director of the Company is open for inspection by the members at the Corporate Office of the Company on any working day between 11.00 a.m. and 1.00 p.m.

#### Item No.7:

Section 163 (1) of the Companies Act, 1956, provides, inter alia, that certain secretarial registers, documents, etc. and Statutory Records of the Company, may be kept at any other place within the city, town or village in which the registered office is situated if such other place has been approved by shareholders by passing a special resolution at a General Meeting.

The Group's Secretarial functions and the offices of the promoter directors are situated at the Marathon Group Corporate office at 702, Marathon Max, Off. L.B.S. Marg, Goregaon-Mulund Link Road, Mulund (W), Mumbai- 400080. In view of the substantial increase in secretarial and other allied functions over the years and in order to effectively interact with the directors and the group establishments at frequent intervals it has become imperative to shift the current secretarial records to the Corporate Office, which is within the city in which the Registered Office is situated.

Consent of shareholders in terms of Section 163(1) of the Companies Act, 1956 is sought for shifting the secretarial and other statutory records, as mentioned above, to the said Corporate Office.

The Board recommends passing of the resolution.

None of the Directors is concerned or interested in the resolution.

#### Registered Office:

Marathon Futurex,  
N.M. Joshi Marg,  
Lower Parel,  
Mumbai- 400 013  
Date: 30.5. 2011

#### By Order of the Board

K. S. Raghavan  
Company Secretary

## DIRECTORS' REPORT

The Directors have pleasure in submitting their Thirty Fourth Annual Report together with the audited accounts of your Company for the year ended March 31, 2011.

The realty sector went through a tremendous growth phase during the year ended March 2010. It was felt that this trend would continue for some time. However in view of macroeconomic factors coupled with high inflationary tendencies and dear money policy, the growth in the real estate sector especially in the commercial segment tapered down. Despite these factors your Company has done well when compared to peers in the Industry.

### WORKING RESULTS:

	Year ended March 31, 2011	Year ended March 31, 2010
Profit / (Loss) before Depreciation, interest and Taxation	11,744	21,246
Less: Depreciation	45	34
	11,699	21,212
Less: Interest	831	1,550
Profit before Taxation	10,868	19,662
Less: Provision for Taxation	2,073	4,741
Less: Prior period adjustment	-	252
Profit / (Loss) after tax after adjustment	8,795	14,669
Less: Transfer to Capital Redem. Reserve	25	-
	8,770	14,669
Add: Balance brought from previous year	9,571	4,821
	18,341	19,490
Less: Dividend on Preference Shares at Rs. 6/ share including arrears thereon	1	1
Dividend on equity shares at Rs. 3.50/ share	664	443
Less: Tax on distributed profits	108	74
Less: Transfer to General Reserve	5,570	9,400
Balance carried to Balance Sheet	11,998	9,571
Earnings per share – basic and diluted (in Rs)	46.40	77.37*

\* Restated after the issue of Bonus Shares

The Residential Complex Era has almost been sold out.

The commercial complex Innova had been notified as a Private Technology Park by the Govt. of Maharashtra. This notification not only entitles it to avail of double the Floor Space Indices available but also confers on it a Tax Holiday under the provisions of the Income Tax Act 1961 for a period of ten successive assessment years. During the year the Central Board of Direct Taxes has notified that the Innova Project is eligible for the Tax Holiday in accordance with the provisions of the Income Tax Act 1961.

### DIVIDEND:

It has been the consistent policy of the Company to adequately reward its shareholders. Accordingly, your directors are pleased to recommend a dividend of Rs. 3.50 per equity share (35%) on the equity share capital. The Company has declared this dividend after careful consideration of your Company's financial performance and the need to conserve longterm resources of the Company.

Members are aware that during the year the Company had issued bonus shares in the ratio of one equity share of Rs.10/- for every two equity shares of Rs. 10/- each which were allotted on July 9, 2010. The Board of Directors as a gesture to the shareholders has decided that these shares so issued would be eligible for the full dividend.

The Directors have declared a dividend of 6% on the Cumulative Preference Capital of the Company.

The dividends paid would be tax free in the hands of the shareholders as the Company would be bearing the Dividend Distribution Tax.

### FUTURE PROSPECTS:

The Company is in the process of obtaining necessary clearances and permissions to develop a prime property in South Mumbai. However, the demolition was completed and the work on this project would commence shortly. Your Company has a 40% share in a Special Purpose Vehicle (SPV) that has been formed to develop this project. The same SPV would be developing a large property in the Western Suburbs on completing the various formalities.

The Company along with Mumbai Housing and Area Development Authority (MHADA) is in the process of forging an alliance to construct a high-rise at the Nextgen premises. The contours of the deal are being worked out.

## DIRECTORS' REPORT

The Company has entered into a Joint Venture with a Marathon Group company to develop high-end apartments in the eastern suburbs. The Company has made a financial commitment of Rs. 125 Crores towards this project which would yield adequate returns. The Company is exploring the possibility of participating in a joint venture to develop a mini township in the extended suburbs of Mumbai. This project is situated at Panvel.

The project in Bangalore is slow in taking-off mainly because, it is mired in regulatory sanctions. Efforts are being made to ensure speedy implementation.

The Company has ready stock of Commercial Complex at Innova which is maintaining a sustained demand.

### DIRECTORS

Mr. Padmanabha Shetty, Director retires by rotation and being eligible offers himself for re-appointment. Brief resume of the Directors, nature of their experience in specific functional area and names of the companies in which they hold directorship and membership / chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange form part of this Annual Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors responsibility statement; it is hereby confirmed that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) The Directors had selected such accounting policies 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 or loss of the Company for that period.
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors had prepared the annual accounts on a going concern basis.

### FIXED DEPOSITS

Your Company has not accepted any deposits from the public or its employees during the period under review.

### PARTICULARS OF EMPLOYEES

Except the Chairman & Managing Director none of the employees are covered under Section 217(2A) of the Companies Act, 1956.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

There were no foreign exchange earnings and outgo during the current period.

### LISTING

The Equity Shares of the Company are listed with the Bombay Stock Exchange Limited. The Company has already paid the Annual Listing Fees for the year 2010-11.

### DEMATERIALIZATION OF SHARES

The members are aware that the Company's equity shares are under compulsory trading in dematerialized form for all categories of investors.

### CORPORATE GOVERNANCE

A separate section on Corporate Governance together with a certificate from a Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report.



## **DIRECTORS' REPORT**

### **AUDITORS**

M/s Haribhakti & Co., Chartered Accountants, retire as the Statutory Auditors at the conclusion of the 34th Annual General Meeting and being eligible offer themselves for re-appointment. A certificate from them has been received to the effect that their re-appointment as Statutory Auditors, if made, is within the limits prescribed under section 224(1B) of the Companies Act, 1956.

### **ACKNOWLEDGEMENTS**

The Board of Directors take this opportunity to express its sincere appreciation for the excellent support and co-operation extended by the shareholders, bankers, customers, suppliers / associates during the year under review.

The Board wholeheartedly acknowledges the dedicated and sincere efforts and services put in by the employees at all levels in the Company during very trying times. Their dedicated efforts and enthusiasm has been integral to your Company's growth.

Place : Mumbai  
Date: May 30, 2011

For and on behalf of the Board  
Chetan R. Shah  
Chairman & Managing Director

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management of the Company is pleased to present this report covering the activities of the Company during the year ended on March 31, 2011.

The economic recovery that gained momentum during the previous year continued during the initial months of the current year slowly petered off. There have been a variety of factors contributing to this decline. The macro-economic scene especially in the European countries turned bleak with the banking systems facing severe strain often leading to the collapse of their economies. Large scale rehabilitation packages have kept these economies on life support. This has been coupled with an unprecedented rise in the price of inputs/ commodities giving rise to spiraling inflation.

While the growth story in India is still intact, we are not totally isolated from what is happening in the rest of the world.

The problems of the real estate segment are further aggravated by the tight money policy followed by the Reserve Bank of India towards this sector. Higher provisioning norms by the RBI have deterred banks from extending credit to the developers and with high cost of funds the equated monthly installments of home loans to be availed by the buyers have increased thereby decreasing sales.

## Industry structure and development

The real estate sector in India is of great importance. According to the report of the Technical Group on Estimation of Housing Shortage, the estimated shortage of houses during the Eleventh Five Year Plan is 26.53 mn, thus there is a good opportunity for Investment in the housing sector.

According to a report 'Emerging trends in Real Estate in Asia Pacific 2011', released by PricewaterhouseCoopers (PwC) and Urban Land Institute (ULI), India is the most viable investment destination in real estate. The report, which provides an outlook on Asia-Pacific real estate investment and development trends, points out that India, in particular Mumbai and Delhi, are good real estate investment options for 2011. Residential properties maintain their growth momentum and hence are viewed as more promising than other sectors. ULI is a global non-profit education and research institute.

Further, real estate companies are coming up with various residential and commercial projects to fulfill the demand for residential and office properties in Tier-II and Tier-III cities. The growth in real estate in Tier-II and Tier-III cities is mainly due to increase in demand for organized realty and availability of land at affordable prices in these cities.

According to the data released by the Department of Industrial Policy and Promotion (DIPP), housing and real estate sector including cineplex, multiplex, integrated townships and commercial complexes, etc, attracted a cumulative foreign direct investment (FDI) worth US\$ 9,405 million from April 2000 to January 2011 wherein the sector witnessed FDI amounting US\$ 1,048 million during April-January 2010-11

It is generally believed that given the nascent demand things could get only better.

### I. Opportunities and Threats

The Marathon Group has been in the Realty Industry for over four decades. The Group has successfully completed over seventy prestigious projects in Mumbai. The Group is managed by second generation entrepreneurs who are eminently qualified in civil and construction engineering with post-graduate degrees from prestigious universities in the United States of America. They are competently supported by a dedicated team of professionals that include Chartered Accountants, Management Graduates, Engineers, Architects, Designers, Lawyers, Company Secretaries, etc.

The Group has carried out an introspection on its activities and has taken in its stride the slowdown and has emerged better off.

The Company's conservative approach has paid rich dividends in the past. With the Company embarking into larger projects it would have to take into consideration the cost of funding and the inherent risks of over leveraging. The Company is however confident that it would be able to overcome these impediments.

### II. Segment-wise or product-wise performance

- The Company's focus is on the residential and commercial segments.
- The Company is of the opinion that with its present core competencies it has a significant role to play in this area.
- To this end the Company has entered into joint ventures which include:
  - The development of a residential complex within the existing premises, with MHADA.
  - Development of properties in South Mumbai and the Western Suburbs.
  - Joint venture for the development of high end residential premises in the Eastern Suburbs.
  - Joint venture for the development of a township in the extended suburbs of Mumbai.

### III. Outlook

With the proposed projects the Company looks to the future with optimism. The Company is confident of sustained growth in the years ahead. The current projects on hand will yield good returns to the Company

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## IV. Risks and concerns

Apart from the increase in land prices, inputs costs have also been constantly increasing. Higher interest cost would dent margins and may have a direct effect on the customer's cash flow as well. Increase in end product prices coupled with tight liquidity may impact demand. The various taxes and levies would add to the costs and this is likely to squeeze margins as end product prices may not go up correspondingly.

The Company has a Risk Management Policy, which is being periodically reviewed.

## V. Internal control systems and their adequacy

The internal control is supplemented by an extensive internal audit, review by management and audit committee, documented policies and guidelines and procedures. The internal auditor covers all activities of the Company. The internal control system is designed to ensure that every aspect of the Company's activity is properly monitored. Despite the satisfactory functioning of the control systems the Company is reviewing the same and has appointed external consultants to critically examine the existing systems and suggest changes if any to make them more contemporary.

## VI. Discussion on financial performance with respect to operational performance

(Rs. in lacs)

Financial Year	2010-11	2009-10
Income	12,904.00	28,905.57
EBIDT	11,744.00	21,246.05
Interest	831.17	1,549.74
Depreciation	45.20	33.78
Profit/ (Loss) before tax	10,867.50	19,662.52
Profit/ (Loss) after tax	8,794.86	14,921.39

## VII. Material developments in Human Resources

The Company has harmonious employee relations and there is close interaction between the management and employees to facilitate smooth functioning of our organization activities. The Company facilitates consistent improvement in performance, productivity and effectiveness by setting targets through an interactive process. Human resources are being recognized as one of the critical areas to the success of our organization. They are subject to constant training to augment their skills to effectively carry out their assignment.

## VIII. Cautionary Statement

*Statements in this report on Management Discussion and Analysis describing the Company's objectives, projection, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events.*

*Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and other incidental factors. The Company assumes no responsibility in respect of the forward-looking statements herein, which may undergo changes in future on the basis of subsequent development.*

# REPORT ON CORPORATE GOVERNANCE 2010-11

The Marathon Group in general and Marathon Nextgen Realty Limited in particular is committed to the adherence of all compliances in true spirit, at all times and the adoption of the best practices conducive to maintain good governance. Our inherent desire to improve and innovate brings out good governance practices which reflect and redefine the Marathon culture at each point of time – all this is deeply ingrained in our value system and forms part of the strategic thought process – our philosophy mainly rests on five basic concepts, viz., (i) Board accountability to the company and shareholders as a whole, (ii) Guidance and effective monitoring by the Board in strict terms, (iii) Protection of minority interests and rights (iv) Equitable treatment to all concerned (v) Transparency and timely disclosure.

Keeping in view of the above philosophy, the company has been striving continuously for maintaining excellence through adoption of good governance and disclosure practices. The Company has complied and/or has been complying with the provisions contained in Clause 49 of the Listing Agreement (as amended) as detailed hereunder:

## 1. MANDATORY REQUIREMENTS:

- \* Proper composition of the Board of Directors
- \* Timely dissemination of material information to the shareholders concerning their interests
- \* Transparency and accountability
- \* Adequate internal control measures
- \* Compliance with the applicable laws and regulations

## 2. BOARD COMPOSITION AND PARTICULARS OF DIRECTORS:

(i) **The present strength of Board of Directors of the Company is six Directors the composition of which is as follows:**

1. Mr. Chetan R. Shah	Promoter	Chairman & Managing Director
2. Mr. Mayur R. Shah	Promoter	Vice Chairman & Director
3. Mr. S. Ramamurthi	Non-promoter	Whole Time Director
4. Mr. V. Ranganathan	Non-Executive	Independent Director
5. Mr. V. Nagarajan	Non-Executive	Independent Director
6. Mr. Padmanabha Shetty	Non-Executive	Independent Director

The Board of Directors of the Company is qualified and experienced.

## 3. (I) Board/Committee Meetings and Proceedings:

The Company has a methodical and well-designed process of placing vital and sufficient intimation before the Board pertaining to business to be considered at each Board Meeting. This enables the members of the Board to actively and freely participate in discussions in the meeting and the Board in turn is able to take corrective and appropriate decision based on the available inputs from the members of the Board. The Members of the Board are also updated upon various events as are required under the Listing Agreement.

On the advice of the Managing Director of the Company and in compliance of the Secretarial Standards, the Company Secretary after collecting and collating details and information from the concerned departments, finalizes the agenda for the Board Meeting which is distributed to all members of the Board well in advance.

### (ii) Number of Board Meetings held and the dates on which held:

Four Board Meetings were held during the Financial Year ended 31st March 2011 on the following dates:

May 31, 2010, August 12, 2010, November 3, 2010 and February 14, 2011.

The Company has obtained the requisite disclosures from the Directors in respect of their directorship in other companies, composition of Board of Directors and their attendance at the Board meetings during the period and at the last Annual General Meeting as also number of other directorship/ membership of committees of other companies are as under:

# REPORT ON CORPORATE GOVERNANCE 2010-11

Name of Director	Director Identification number	Category of Directorship		No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Companies including Private Companies in India	No. of Committees in which Chairman/ Member (other than Marathon NextGen Realty Limited)	
		Executive or Non-Executive	Independent				Member	Chairman
Mr. Chetan R. Shah Chairman & Managing Director	135296	Promoter – Executive		4	YES	35	NIL	NIL
Mr. Mayur R. Shah Vice-Chairman & Director	135504	Promoter – Executive		2	YES	36		NIL
Mr. S. Ramamurthi	135602	Executive-WTD		4	YES	2	NIL	NIL
Mr. V. Nagarajan	135714	Non-Executive	Independent	4	YES	1	1	NIL
Mr. V. Ranganathan	269682	Non-Executive	Independent	3	YES	-		-
Mr. Padmanabha Shetty	00433761	Non-Executive	Independent	4	YES	3		

## INFORMATION REQUIRED UNDER CLAUSE 49VI A OF THE LISTING AGREEMENT

The particulars of Director who are proposed to be re-appointed at the ensuing Annual General Meeting is given below pursuant to Clause 49 of the Listing Agreement.

Name Of The Director(s)	Mr. Padmanabha Shetty	Mr. S. Ramamurthi
Date of Birth	January 19, 1947	November 08, 1951
Date of original Appointment	May 20, 2009	January 28, 2005
Qualification	Post Graduate and LLB	BA, ACA, PG in System Management from Jamnalal Bajaj Institute of Management
Expertise in specific functional areas	Corporate Financial Services	Rich experience in Finance, Account Taxation Treasury Management and Corporate Affairs
Other companies in which Directorship held	Saint Gobain Sekurit India Limited Spectrum Corporate Consultants Pvt. Ltd. Ganapathi Credit Pvt. Ltd.	Citadel Realty and Developers Ltd. (formerly Rohit Pulp & paper Ltd.) Rajputanna Stainless Steel Ltd. Chhaganlal Khimji & Co. Pvt. Ltd.
Other public companies in which membership of Committees of Directors held	Saint Gobain Sekurit India Limited	NIL
No. of shares held as on March 31, 2011	NIL	NIL

## NO. OF SHARES HELD BY NON-EXECUTIVE DIRECTORS AS ON 31ST MARCH 2011:

NAME OF THE DIRECTORS	NO. OF SHARES HELD
Mr.V.Ranganathan	NIL
Mr.V. Nagarajan	NIL
Mr.Padmanabha Shetty	NIL

## 4. AUDIT COMMITTEE:

### 4.1 Composition, Meetings and Attendance:

During the Year ended March 31, 2011 four Audit Committee Meetings were held on the following dates:

May 31, 2010, August 12, 2010, November 3, 2010 and February 14, 2011.

The constitution of the Committee and the attendance of each Member of the committee is given below:

NAME OF THE DIRECTORS	Designation	Executive/Non-Executive Independent	Committee Meeting attended
Mr. V. Nagarajan	Chairman	Non-Executive-Independent Director	4
Mr. Padmanabha Shetty	Member	Non-Executive-Independent Director	4
Mr. Chetan R. Shah	Member	Executive- Chairman & MD	4

# REPORT ON CORPORATE GOVERNANCE 2010-11

## 4.2 Terms of Reference:

Reviewing:

- (i) The Company's financial reporting process
- (ii) Disclosure of financial information
- (iii) The periodical and annual financial statements
- (iv) Related party transactions
- (v) Risk assessment
- (vi) Adequacy of internal control
- (vii) Performance of Auditors

## 5. REMUNERATION COMMITTEE:

The Remuneration Committee determines/reviews the remuneration of Managerial personnel viz., Managing Director and Whole Time Director Mr. V. Ranganathan, Mr. V. Nagarajan and Mr. S. Ramamurthi are the members of the committee.

The Remuneration Committee determines/ reviews the remuneration of management personnel, i.e., Managing Director and Whole Time Director of the Company.

The meeting of the Remuneration Committee was held on Monday, the 23rd of May, 2011 during the period under review to determine and recommend the Commission payable to the Chairman and Managing Director.

Details of the remuneration paid to the Directors of the Company during the period ended March 31, 2011 are given below:

Name of Director	(In Rs.)				
	Salary	Perquisites	Others	Sitting fees	Total
Mr. Chetan R. Shah	45,00,000	4,00,000	72,00,000	NIL	121,00,000
Mr. S. Ramamurthi	NIL	NIL	NIL	NIL	NIL
Mr. Mayur R Shah	NIL	NIL	NIL	20,000	20,000
Mr. V Ranganathan	NIL	NIL	NIL	39,000	39,000
Mr. V. Nagarajan	NIL	NIL	NIL	64,000	64,000
Mr. Padmanabha Shetty	NIL	NIL	NIL	52,000	52,000

## 6. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

The following are the members of the Shareholders' / Investors' Grievance Committee:

Mr. V. Nagarajan	Chairman
Mr. V. Ranganathan	Member
Mr. S. Ramamurthi	Member

The committee deals with the various matters relating to:

- Transfer/transmission of shares/ debentures
- Issue of duplicate share certificates
- Review of shares dematerialised and all other matters
- Monitoring and expeditious redressal of investors' grievances

\* All other matters related to shares/debentures.

During the Financial Year ended 31st March, 2011-11 complaints were received by the Registrars. All requests/complaints were attended to promptly and resolved to the satisfaction of the shareholders.

# REPORT ON CORPORATE GOVERNANCE 2010-11

## 7. GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings:

Year	Location	Date	Time	Special Resolutions	Postal Ballot
2007-08	M C.Ghia Hall,2nd Floor,Bhogilal Hargovandas Building,18/20 K. Dubash Marg, Kalaghoda , Mumbai- 400 001	18.08.2008	11.30 a.m.	1 (One)	2 Special Resolutions were passed on 18/8/2008
2008-09	Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai- 400 018	24.09.2009	3.30 p.m.	1 (one)	-
2009-10	Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai- 400 018	29.09.2010	11.30 a.m.	1(one)	-

## 8. DISCLOSURES

### Related Party Transactions:

Related Party Transactions under Clause 49 of the Listing Agreement are defined as the transactions of the Company of a material nature, with its promoters, Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

There were no material transactions with related parties during the Financial year ended on 31st March, 2011 which are prejudicial to the interest of the Company and its shareholders.

Transaction with related parties are discussed in Note No. 15 to Schedule 'M' Notes to the accounts in the Annual Report

## 9. STATUTORY COMPLIANCE, PENALTIES AND STRICTURES

The Company has complied with all requirements of the Listing Agreement entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI.

There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non-compliance of any matter relating to the capital markets during the last three years.

## 10. MEANS OF COMMUNICATION

The quarterly and half-yearly results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are published in one English daily newspaper and one vernacular daily newspaper having adequate circulation.

The Management Discussion and Analysis Report forms part of this Annual Report.

There were no presentations made to the institutional investors or analysts separately.

## 11. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting	:	34 <sup>th</sup> AGM
• Date and Time	:	Tuesday, 20 <sup>th</sup> September, 2011 at 12:30 p.m.
• Venue	:	Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai - 400 018
Financial Year	:	1 <sup>st</sup> April, 2010 to 31 <sup>st</sup> March 2011
Date of Book Closure	:	13 <sup>th</sup> September, 2011 to 20 <sup>th</sup> September, 2011.
Listing on Stock Exchanges	:	The Bombay Stock Exchange Limited
(a) Stock Code	:	503101
(b) ISIN in NSDL & CDSL	:	INE182D01012

# REPORT ON CORPORATE GOVERNANCE 2010-11

## Stock Price Data

Table below gives the monthly highs and lows of the Company's shares on the Bombay Stock Exchange Limited (BSE):

MONTHS (year 2010-2011)	HIGH (Rs.)	LOW (Rs.)	SENSEX		
			High	Low	Close
April	499.85	375.00	18,047.86	17,276.80	17,558.71
May	539.95	360.00	17,536.86	15,960.15	16,944.63
June	530.00	420.20	17,919.62	16,318.39	17,700.90
July	520.00	280.00	18,237.56	17,395.58	17,868.29
August	369.00	295.00	18,475.27	17,819.99	17,971.12
September	348.75	290.30	20,267.98	18,027.12	20,069.12
October	327.00	245.00	20,854.55	19,768.96	20,032.34
November	319.90	208.40	21,108.64	18,954.82	19,521.25
December	277.95	212.00	20,552.03	19,074.57	20,509.09
January	250.00	196.00	20,664.80	18,038.48	18,327.76
February	212.95	167.00	18,690.97	17,295.62	17,823.40
March	199.00	148.00	19,575.16	17,792.17	19,445.22

- **Registrar & Transfer Agents:** Adroit Corporate Services Private Limited, 19/20, Jafferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai- 400 059  
E-mail: adroits@vsnl.net

- **Share Transfer System:**

Share transfers are registered and duly transferred share certificates are returned to the lodger within a period of thirty days from the date of receipt, if the documents are otherwise in order.

Share transfers and other related requests are considered for approval every fortnight by the Share Transfer Committee.

Distribution of shareholding as on 31<sup>st</sup> March, 2011:

Category (Shares)	No. of Shareholders	Percentage (%)	No. of Shares of Rs.10/-each	Percentage (%)
1 – 500	4,666	92.71	379063	2.00
501 – 1000	171	3.40	123269	0.65
1001 – 2000	88	1.75	126394	0.67
2001 – 3000	30	0.60	72,840	0.38
3001 – 4000	12	0.24	40,725	0.21
4001 – 5000	15	0.30	66,968	0.35
5001 – 10000	15	0.30	100,679	0.53
Above 10000	36	0.72	1,80,48,292	95.20
<b>Total</b>	<b>5033</b>	<b>100.00</b>	<b>1,89,58,230</b>	<b>100.00</b>

- **Dematerialization of Shares and Liquidity:**

The status of Dematerialized/ Physical shares of the company as on 31<sup>st</sup> March, 2011 is as under:

Category	Physical	D'mat	Total	% in Physical	% in Demat
Resident Individual	1,36,555	15,99,912	17,36,467	7.86	92.14
Non-Resident Individual / CB / FII	-	1,14,877	1,14,877	-	100
Corporate Bodies	65,261	1,39,325	2,04,586	31.89	68.11
Mutual Funds/UTI	503	-	503	100.00	-
FI/Banks	990	495	1,485	33.33	66.67
Promoters including	-	1,69,00,312	1,69,00,312	-	100
Directors and relatives					
<b>Total</b>	<b>2,03,309</b>	<b>1,87,54,921</b>	<b>1,89,58,230</b>	<b>1.07</b>	<b>98.93</b>



# REPORT ON CORPORATE GOVERNANCE 2010-11

## • Categories of Shareholders as on 31<sup>st</sup> March, 2011 :

Sr. no	Category	No. of Shareholders	No. of Shares	Voting Strength (%)
1	Promoters	7	1,69,00,312	89.15
2	Mutual Funds/UTI	5	503	0.00
3	Financial Institutions/Banks	2	1485	0.01
4	Corp.Bodies,Cl.Members,Brokers,Trusts	138	2,04,586	1.08
5	NRIs/OCBs/FIIs	37	1,14,877	0.60
6	General Public	4,844	17,36,467	9.16
	<b>Total</b>	<b>5,033</b>	<b>1,89,58,230</b>	<b>100</b>

Outstanding GDRs/ ADRs/Warrants or any convertible instruments conversion date and likely impact on equity: Not Applicable

### • Address for correspondence :

The Shareholders may send their queries to the e-mail address: shares@marathonnextgen.com, proactively managed by the Company, under the Shareholders' / Investors' Grievance Committee at:

Marathon Nextgen Realty Limited. 8th Floor, Marathon Max, Jn. of Mulund-Goregaon Link Road, Mulund (W), Mumbai- 400080  
Tel.: 022-6772 8474

### Registered Office :

Marathon Nextgen Realty Limited. Marathon Futurex, N.M. Joshi Marg, Lower Parel (W), Mumbai- 400018  
Tel.: 022-24925869/ 24963547 Fax: 022-2496 3560. Website: marathonnextgenrealty.com

### Registrar and Share Transfer Agents:

Adroit Corporate Services Private Limited. 19/20, Jafferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai- 400 059. Tel.: 022-2859 4060/ 6060/ 4442 Fax: 022-2850 3748  
e-mail: adroits@vsnl.net

### Secretarial Audit Reports:

Quarterly Secretarial Audit Reports were furnished to the Stock Exchanges on the following dates:

Quarter ended on	Furnished on
30th June, 2010	19th July, 2010
30th September, 2010	18th October, 2010
31st December, 2010	17th January, 2011
31st March, 2011	16th April, 2011

### LIST OF PROMOTERS:

List of Promoters of the company "Group" pursuant to Regulation 3(e)(i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997

Sr. No.	Names
1	Ithaca Informatics Private Limited & Subsidiaries
2	Marathon Realty Private Limited & Subsidiaries
3	Mr. Ramniklal Zaverbhai Shah
4	Mrs. Ansuya Ramniklal Shah
5	Mr. Chetan Ramniklal Shah
6	Mrs. Shailaja Chetan Shah
7	Mr. Mayur Ramniklal Shah
8	Mrs. Sonal Mayur Shah
9	Mrs. Rita D. Shah
10	Ms. Gargi Chetan Shah
11	Mr. Kaivalya Chetan Shah
12	Mr. Parmeet Mayur Shah
13	Mr. Sanyag Mayur Shah
14	Any company/entity promoted or controlled by any of the above

# REPORT ON CORPORATE GOVERNANCE 2010-11

## Declaration regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

**To**  
**The Members of Marathon Nextgen Realty Ltd.**

**Sub:** Declaration by the Managing Director under clause 49D(ii) of the Listing Agreement

I, Chetan R Shah, Managing Director of Marathon Nextgen Realty Ltd hereby declare that all members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2011.

**Mumbai**  
Date: 30th May, 2011

**Chetan R. Shah**  
Chairman & Managing Director

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## Certificate on Corporate Governance

**To**  
**The Members of**  
**MARATHON NEXTGEN REALTY LIMITED**  
**Mumbai**

I have examined the compliance of the conditions of Governance by Marathon Nextgen Realty Limited (the Company) for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the 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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

I 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 S. KRISHNAMURTHY & COMPANY**  
Company Secretaries  
Sd/-  
Prop. S. Krishnamurthy  
ACS 7233 / CP 2120  
**Place: Pune**  
Date: 28th May, 2011

# AUDITORS REPORT

To

**The Members of MARATHON NEXTGEN REALTY LIMITED**

1. We have audited the attached Balance Sheet of MARATHON NEXTGEN REALTY LIMITED ('the Company') as at March 31, 2011 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. Without qualifying our opinion, attention is invited to note no.8 (b) of Schedule M of financial statement in respect of a secured loan (lease rent discounting), which is not covered by the value of relevant security, which falls short by its entire amount of Rs. 22,50,82,684.
  - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the above mentioned paragraph vi and along with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**

Chartered Accountants

Firm's Registration No. 103523W

Chetan Desai

Partner

Membership No. 17000

**Place: Mumbai**

Date: 30th May, 2011

# AUDITORS REPORT

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of MARATHON NEXTGEN REALTY LIMITED on the financial statements for the year ended March 31, 2011]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company needs to have a regular programme of physical verification of its fixed assets, which in our opinion has to be made reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, as represented by the management to us, fixed assets were physically verified by the management during the year. We are informed that no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The inventory has to be physically verified by the management. In our opinion, the frequency of verification has to be made reasonable.
- (b) The procedures of physical verification of inventory required to be followed by the management has to be made reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of the Company, we are of the opinion that the Company needs to strengthen the record keeping and documentation procedures for the inventory. The discrepancies noticed on verification between the physical and book records were not material.
- (iii) (a) The Company has granted loan to six companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 4,65,26,55,516 and the year-end balance of loans granted to such parties was Rs. 2,79,62,15,694.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of aforesaid loan, other than the principle amount, the Company is regular in receipt of interest.
- (d) In respect of the aforesaid loans, in the cases where the overdue amount is more than Rupees One lakh, in our opinion, reasonable steps have been taken by the company for the recovery of the principal amounts and interest, wherever applicable.
- (e) As informed, during the year the Company has not taken any loan, secured or unsecured from companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, the existing internal control procedures are required to be made adequate with the size of the Company and the nature of its business for the purchase of inventory. As regards, sale of goods and fixed assets, in our opinion, the existing system of internal control is adequate. On the basis of our examination of books and records of the Company, and according to the information and explanations given to us, except in relation of strengthening of internal control over purchase of inventory, there has not been continuing failure to correct major weakness in internal control system. As regards club house operated by the Company, the internal control procedure need to be streamlined and documented.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) According to the information and explanations given to us, the Company does have an internal audit system, which needs to be considerably strengthened.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

## AUDITORS REPORT

- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. However, as represented to us, the amount pertaining to employee's state insurance as applicable, has neither been deducted nor deposited by the company with the appropriate authorities.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Service Tax	Service Tax	5,066	2008-2009	31 <sup>st</sup> March, 2009	-
Income Tax Act, 1961	Interest u/s 234 B	2,02,79,779	2009-2010	30 <sup>th</sup> September, 2010	-
	Interest u/s 234 C	1,77,16,814	2009-2010	31 <sup>st</sup> March, 2010	-
	Advance income tax	5,96,20,861	2009-2010	31 <sup>st</sup> March, 2010	-
	Interest u/s 234 C	19,97,141	2010-2011	15 <sup>th</sup> September 2010	-
	Advance income tax	1,80,31,687	2010-2011	31 <sup>st</sup> March, 2011	-
Maharashtra Labour Welfare Fund (MLWF)	MLWF	15,096	2006-2011	Various dates of respective year	-

During the previous year, the company has created the provision of Rs. 1780,617 on account of service tax liability, which in the opinion of the company is no longer payable. Hence, during the year the same has been written back by the company.

- (C) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty and cess which have not been deposited on account of any dispute except for the dues in relation to excise duty as disclosed hereunder:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	1,30,55,847	1990-91 through 1995-96, 1998-99	CESTAT
		63,42,042	1990-91, 1991-92, 1992-93, 1994-95	Commissioner
		52,99,705	1977-78, 1983-84, 1990-91, through 1992-93, 1994-95 through 1997-98	Deputy Commissioner

- (x) The Company does not have any accumulated losses at the year end. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank.
- (xii) According to the records of the Company and according to the information and explanations provided to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, generally the Company did not deal or trade in it. However, on short term basis, surplus funds were invested in mutual fund for which proper records for the transaction and contracts have been maintained and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.

## AUDITORS REPORT

- (xv) In our opinion and according to the information and explanations given to us, the Company has given a guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanation given to us, term loans obtained by the Company, are generally used for the purpose for which loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, by comparing the current year financials with the previous year, we report that funds to the extent of Rs.12,46,29,329 raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotments of equity shares to the parties listed in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year (except to the extent of amounts remaining uncollected) the question of creating security, in respect of debentures, does not arise.
- (xx) The Company has not raised any money by way of public issue during the year. Hence the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**

Chartered Accountants

Firm's Registration No. 103523W

Chetan Desai

Partner

Membership No. 17000

**Place: Mumbai**

Date: 30th May, 2011



**MARATHON NEXTGEN REALTY LIMITED**  
**Balance sheet as at March 31, 2011**

(In Rs.)

	Schedule	March 31, 2011	March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	A	192,082,300	128,888,200
(b) Reserves and Surplus	B	3,702,332,494	2,963,332,628
		3,894,414,794	3,092,220,828
<b>2. Loan funds</b>			
(a) Secured Loans	C	717,289,205	408,927,738
(b) Unsecured Loans	D	-	5,527,819
		717,289,205	414,455,557
<b>3. Deferred Tax Liability</b>			
		197,825	-
<b>Total</b>		<b>4,611,901,825</b>	<b>3,506,676,385</b>
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	E	131,834,567	121,166,743
(b) Less: Accumulated Depreciation		42,006,718	38,225,472
(c) Net Block		89,827,849	82,941,271
<b>2. Investments</b>			
	F	1,371,785,344	36,777,377
<b>3. Deferred Tax Assets</b>			
		-	2,050,471
<b>4. Current assets, loans and advances</b>			
(a) Inventories		626,124,067	735,548,215
(b) Sundry Debtors		41,149,108	20,878,422
(c) Cash and Bank Balances		147,434,731	88,608,799
(d) Loans and Advances		3,404,981,648	3,523,111,567
(e) Interest Accrued on Investments		249,516	28,420
		4,219,939,070	4,368,175,423
Less: Current Liabilities and Provisions	H		
(a) Current Liabilities		205,759,127	150,292,902
(b) Provisions		863,891,311	832,975,255
		1,069,650,438	983,268,157
<b>Net current assets</b>		<b>3,150,288,632</b>	<b>3,384,907,266</b>
<b>Total</b>		<b>4,611,901,825</b>	<b>3,506,676,385</b>

Significant Accounting Policies  
Notes to accounts

'L'  
'M'

As per our report of even date attached.  
**HARIBHAKTI & CO. Chartered Accountants**

For and on behalf of the Board of Directors

**CHETAN DESAI**  
Partner

**CHETAN R. SHAH**  
Chairman & Managing Director

**MAYUR R. SHAH**  
Vice Chairman

**S. RAMAMURTHI**  
Whole Time Director

**V. NAGARAJAN**  
Director

**K S RAGHAVAN**  
Company Secretary

**Place: Mumbai**  
Date: 30th May, 2011



# MARATHON NEXTGEN REALTY LIMITED

## Profit and Loss Account for the year ended March 31, 2011

(In Rs.)

	Schedule			March 31, 2010
<b>INCOME</b>				
Income From Operations (Refer Notes No. 9 of Sch 'M')			971,885,438	2,138,838,570
Other Income	I		427,937,468	361,562,178
			1,399,822,906	2,500,400,748
Increase / (Decrease) in Inventories	J		(109,424,148)	390,156,878
			<b>1,290,398,758</b>	<b>2,890,557,626</b>
<b>EXPENDITURE</b>				
Property Development and Other Expenses	K		116,009,727	765,951,874
Depreciation			4,018,585	3,378,709
Depreciation on Investment Property			503,787	-
Interest			83,116,956	154,974,864
			203,649,054	924,305,447
<b>Profit / (Loss) for the year before tax</b>			<b>1,086,749,704</b>	<b>1,966,252,178</b>
Less: Provision for Taxation			-	-
Income Tax		217,300,000*		463,509,527
Interest on Income Tax		18,305,122		9,336,795
Wealth Tax		39,280		9,760
Deferred Tax		2,248,296		1,256,879
Short / (Excess) Provision of earlier year written back		(30,629,345)	207,263,353	-
				474,112,961
<b>Net Profit After Tax</b>			<b>879,486,351</b>	<b>1,492,139,217</b>
<b>Less:- Prior Period Adjustments</b>			-	(25,242,958)
<b>Net Profit After Adjustment</b>			<b>879,486,351</b>	<b>1,466,896,259</b>
<b>Less:- Transfer to Capital Redemption Reserve</b>			<b>2,500,000</b>	-
			<b>876,986,351</b>	<b>1,466,896,259</b>
Balance brought forward from previous year			957,134,207	482,068,983
<b>Balance available for appropriation</b>			<b>1,834,120,558</b>	<b>1,948,965,242</b>
<b>Appropriations</b>				
Transfer to General Reserve			556,995,679	940,000,000
Interim Dividend			-	18,958,230
Proposed Dividend :				
Preference shares		150,000		150,000
Equity shares		66,353,805	66,503,805	25,277,640
Dividend Distribution Tax			10,788,580	7,445,165
<b>Balance carried to the Balance Sheet</b>			<b>1,199,832,494</b>	<b>957,134,207</b>

\* Minimum Alternate Tax

Earnings per share (F.V. of Rs. 10 each) - basic and diluted  
Significant accounting policies  
Notes to accounts

'L'  
'M'

**46.40**

**77.37\*\***

As per our report of even date attached.  
**HARIBHAKTI & CO. Chartered Accountants**

For and on behalf of the Board of Directors

**CHETAN DESAI**  
Partner

**CHETAN R. SHAH**  
Chairman & Managing Director

**MAYUR R. SHAH**  
Vice Chairman

**S RAMMURTHI**  
Whole Time Director

**V NAGARAJAN**  
Director

**K S RAGHAVAN**  
Company Secretary

**Place: Mumbai**  
Date: 30th May, 2011

\*\* Restated after the issue of Bonus Shares

**MARATHON NEXTGEN REALTY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2011**

(In Rs.)

	2010-2011		2009-2010	
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax and extraordinary items		1,086,749,704		1,966,252,178
<b>ADJUSTMENTS FOR :</b>				
Depreciation	4,018,585		3,378,709	
Depreciation on Investment Property	503,787		-	
Interest Expenses	83,116,956		154,974,864	
Prior Period Expenses	-		(25,242,958)	
Interest Income	(382,771,909)		(331,113,117)	
Misc Balances Written back	(20,931,209)		(25,233,624)	
Income From Dividend	(25,110)		(15,066)	
Profit on Sale of Mutual Funds	(2,211,721)		(894,775)	
Provision for Diminution in Investments	-		(80,524)	
Investment Written off	14,751,794		-	
Increase in Cost of Sales (Transfer from Fixed Assets)	9,987,758		100,769,579	
Provision for doubtful debts	-		1,090,852	
Loss on Disposal of Assets	105,180		964,593	
Provision for Employee Benefits	131,322		1,857,353	
Sale of Transformer	-		(11,021,240)	
		(293,324,567)		(130,565,354)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>793,425,137</b>		<b>1,835,686,824</b>
<b>ADJUSTMENTS FOR :</b>				
Trade & Other Receivables	281,564,741		(148,011,358)	
Inventories	109,424,148		(270,902,145)	
Trade Payables and Other Current Liabilities	76,246,321		(210,444,026)	
		467,235,210		(629,357,529)
Cash Generated from Operations		1,260,660,347		1,206,329,295
Dividend Paid	41,076,165		5,055,528	
Direct Taxes	(399,233,092)		(87,684,531)	
		(358,156,927)		(82,629,003)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>902,503,420</b>		<b>1,123,700,292</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(11,072,565)		(743,714)	
Sales of Fixed Assets	62,222		-	
Purchase of Investments	-		(67,275)	
Purchase of 11% redeemable preference shares	(1,250,262,000)		-	
Sale of Investments	-		-	
Purchase of UTI Mutual Funds	(750,000,000)		(290,000,000)	
Sale of UTI Mutual Funds	642,222,416		290,894,775	
Interest Received	382,771,909		331,113,117	
Income from Dividend	25,110		15,066	
Sale of Transformer	-		11,021,240	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(986,252,908)</b>		<b>342,233,209</b>

**MARATHON NEXTGEN REALTY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2011**

(In Rs.)

	2010-2011		2009-2010	
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Long Term Borrowings	302,833,648		(1,215,921,999)	
Interest on Term Loans	(83,116,956)		(154,974,864)	
Dividend Paid	(66,352,692)		(44,241,085)	
Dividend Distribution Tax	(10,788,580)		(7,445,165)	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		142,575,420		(1,422,583,113)
Net increase in cash and cash equivalents		58,825,932		43,350,388
Cash and cash equivalents as at 31. 03. 10		88,608,799		45,258,411
Cash and cash equivalents as at 31. 03. 11		147,434,731		86,042,437
Note:- Cash and cash equivalents includes:				
Cash in hand	7,782		7,502	
Balances with scheduled banks:				
- In Fixed Deposit accounts	43,624,780		31,504,502	
- In Current Accounts	63,367,764		28,064,279	
- In Unpaid Dividend Account	453,416		300,854	
- In Current Account - balance belongs to society under formation	39,980,989	<b>147,434,731</b>	28,731,662	<b>88,608,799</b>

As per our report of even date attached.

**HARIBHAKTI & CO. Chartered Accountants**

**CHETAN DESAI**  
Partner

For and on behalf of the Board of Directors

**CHETAN R. SHAH**  
Chairman & Managing Director

**MAYUR R. SHAH**  
Vice Chairman

**S. RAMAMURTHI**  
Whole Time Director

**V. NAGARAJAN**  
Director

**K S RAGHAVAN**  
Company Secretary

**Place: Mumbai**  
Date : 30th May, 2011

# MARATHON NEXTGEN REALTY LIMITED

Schedule Annexed to and forming part of the financial statements for the year ended March 31, 2011.

	March 31, 2011 (Rs.)	March 31, 2010 (Rs.)
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
49,750,000 (previous year 49,750,000) Equity Shares of Rs.10 each	497,500,000	497,500,000
25,000 (previous year 25,000) 6% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 100 each	2,500,000	2,500,000
	<b>500,000,000</b>	<b>500,000,000</b>
<b>Issued, subscribed and fully paid-up</b>		
<b>Equity shares:</b>		
18,958,230 (Previous Year 12,638,820) Equity Shares of Rs. 10 each	189,582,300	126,388,200
Of the above:		
i) 14,252,445 (Previous Year 9,501,630) shares are held by Ithaca Informatics Pvt. Ltd., the holding company.		
ii) 1,81,15,642 shares have been issued as fully paid up bonus shares by capitalising General Reserve.		
<b>Preference Shares :</b>		
25,000 (previous year 25,000) 6% Non-Convertible Redeemable cumulative Preference shares of Rs. 100 each	2,500,000	2,500,000
[All the above shares are held by Ithaca Informatics Pvt. Ltd., the holding company. These shares are redeemable on or before August 22, 2013]		
<b>Total</b>	<b>192,082,300</b>	<b>128,888,200</b>
<b>SCHEDULE B</b>		
Revaluation Reserve I (for fixed assets)		
As per last balance sheet	-	41,999
Less: Loss on retirement of Fixed Assets revalued	-	(41,999)
	-	-
Capital Redemption Reserve		
As per last balance sheet	-	-
Add: Transfer from Profit and Loss Account	2,500,000	-
	2,500,000	-
General Reserve		
As per last balance sheet	2,006,198,421	1,066,198,421
Less:- Transfer to Equity Share capital for issue of Bonus Shares	63,194,100	-
Add: Transfer from Profit and Loss Account	556,995,679	940,000,000
	2,500,000,000	2,006,198,421
Surplus in the Profit and Loss Account	1,199,832,494	957,134,207
<b>Total</b>	<b>3,702,332,494</b>	<b>2,963,332,628</b>

	March 31, 2011 (Rs.)	March 31, 2010 (Rs.)
<b>SCHEDULE C</b>		
<b>SECURED LOANS (Long Term)</b>		
<b>From banks</b>		
Construction Finance	-	145,300,000
Lease Rent discounting	225,082,684	263,264,774
<b>From Others</b>		
Working Capital Demand Loan	486,332,978	-
Car Loan	5,873,543	362,964
<b>Total</b>	<b>717,289,205</b>	<b>408,927,738</b>

Note: Refer Point No. 8 of Notes to Account

	March 31, 2011 (Rs.)	March 31, 2010 (Rs.)
<b>SCHEDULE D</b>		
<b>UNSECURED LOANS (Long Term)</b>		
<b>Inter-corporate Deposits from others</b>		
Sharda Exports Pvt Ltd	-	3,334,973
Twist Spin Industries Ltd	-	2,192,846
<b>Total</b>	<b>-</b>	<b>5,527,819</b>

# MARATHON NEXTGEN REALTY LIMITED

Schedule Annexed to and forming part of the financial statements for the year ended March 31, 2011.

## SCHEDULE E

### FIXED ASSETS

(in Rs.)

Description of Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 1/4/2010	Additions during the year	Sales/Transfer during the year	As on 31/03/2011	As on 1/4/2010	Deletion	For the Year	Upto 31/03/2011	As on 31/03/2011	As on 31/03/2010
Freehold Land	257,648	-	-	257,648	-	-	-	-	257,648	257,648
Buildings	68,347,759	1,330,528	-	69,678,287	1,208,687	-	1,125,048	2,333,735	67,344,552	67,139,071
Plant and Machinery	37,146,000	-	-	37,146,000	31,305,918	-	271,209	31,577,127	5,568,873	5,840,083
Furniture and Fixtures	4,370,700	4,695	-	4,375,395	2,558,325	-	347,114	2,905,439	1,469,956	1,812,375
Air Conditioners and										
Office Equipments	5,435,471	122,983	-	5,558,454	1,282,177	-	1,031,706	2,313,883	3,244,571	4,153,294
Motor Vehicles	4,952,506	9,614,359	(404,741)	14,162,124	1,460,527	237,339	1,153,634	2,376,822	11,785,302	3,491,979
Computers	656,660	-	-	656,660	409,838	-	89,874	499,712	156,948	246,822
<b>Total</b>	<b>121,166,743</b>	<b>11,072,565</b>	<b>(404,741)</b>	<b>131,834,567</b>	<b>38,225,472</b>	<b>237,339</b>	<b>4,018,585</b>	<b>42,006,718</b>	<b>89,827,849</b>	<b>82,941,271</b>
Previous Year	128,743,447	743,714	(8,320,418)	121,166,743	41,392,491	6,548,028	3,381,009	38,225,472	82,941,271	-

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31, 2011

## SCHEDULE F- INVESTMENTS

	March 31, 2011			March 31, 2010		
	Nos.	Face Value (Rs.)	Cost (Rs.)	Nos.	Face Value (Rs.)	Cost (Rs.)
LONG TERM INVESTMENTS (Trade)						
In Shares of Companies [Fully Paid-up]						
In equity shares, other than subsidiaries						
Quoted						
Peninsula Land Ltd.	16,740	2	58,378	16,740	2	58,378
Morarjee Textiles Ltd	8,000	10	186,394	3,515	10	186,394
Unquoted						
Electric Control Gear (India) Ltd.	210,000	10	2,100	210,000	10	2,100
Columbia Chrome (I) Pvt Ltd	5,208	100	520,800	5,208	100	520,800
Swayam Realtors & Traders Ltd	424,081	10	4,240,810	424,081	10	4,240,810
Less Provision for diminution in value			5,008,482			5,008,482
			2,100			2,100
			5,006,382			5,006,382
11%, Redeemable Cumulative Preference Shares: Parmeka Pvt Ltd	92,612	100	1,250,262,000	-	-	-
In Immovable Properties						
a) In self-constructed building						
Construction cost of building (Inclusive of Land)			30,920,986			131,690,565
Add: Cost of Old Emperor Building Structure			-			759,352
Less: Cost of Investments Written off			14,751,794			-
Less: Sale of Investments			9,987,758			101,528,931
			6,181,434			30,920,986
Less: Accumulated Depreciation on Investment			503,787			-
			5,677,647			30,920,986
b) Emperor land			25,467			25,467
			5,703,115			30,946,453
LONG TERM INVESTMENTS (Non-Trade)						
Government Securities (Unquoted)						
6 Years National Savings Certificates [Lodged as security with government authorities]	9	28,000	28,000	9	28,000	28,000
SHORT TERM INVESTMENTS (Non-Trade)						
UTI Mutual Fund	69,761.280	1,588,0707	110,785,847	529.49	1,504.351	796,542
<b>Total</b>			<b>1,371,785,344</b>			<b>36,777,377</b>

### Notes:

- Aggregate cost of quoted investments: Rs. 2,44,772/- (Previous Year Rs. 2,44,772/-) Market Value Rs. 11,16,964/- (Previous Year Rs. 13,55,969/-)
  - Aggregate cost of unquoted investments: Rs. 1,25,50,51,610/- (Previous Year Rs. 47,89,610/-)
  - Aggregate NAV of unquoted Mutual Fund: Rs. 1,61,00,580/- (Previous year Rs. 1,51,18,044)
- Investments purchased and sold during the year:
- Purchased 478969 Units (Previous Year 193553 Units) of UTI Liquid Cash Plan Institutional (Growth Option) Rs. 75,00,00,000/- (Previous Year Rs. 29,00,00,000/-)
- Sold 409737 Units (Previous Year 193024 Units) of UTI Liquid Cash Plan Institutional (Growth Option) Rs. 64,00,00,000/- (Previous Year Rs. 29,00,00,000/-)

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31, 2011

- (iv) 92612, 11% Redeemable Cumulative Preference Share of Rs. 100/- each at Premium of Rs. 13400/- aggregating to total consideration of Rs. 125,02,62,000/- of Parmeka Pvt. Ltd. of different series purchased during the year. These shares were originally issued as per dates of issue hereunder:

SERIES "I" No. of Preference shares: 81500 dated 23-02-2010

SERIES "II" No. of Preference shares: 7408 dated 31-05-2010

SERIES "III" No. of Preference shares: 3704 dated 15-09-2010

The Preference shares are Redeemable at the end of the 20 year from the date of issue. The holder of the Preference Shares can exercise a call option to redeem these Preference Shares after the expiry of 5 years.

	March 31,2011 (Rs.)	March 31,2010 (Rs.)
<b>SCHEDULE G</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
(a) INVENTORIES		
Finished Stock-Era	57,877,424	57,877,424
Finished Stock-Innova II	568,246,644	677,619,262
Stock in Trade-TDR (MHADA)	-	51,530
	626,124,067	735,548,215
(b) SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	2,244	2,531,684
Others	41,146,864	18,346,738
	41,149,108	20,878,422
(c) CASH AND BANK BALANCES		
Cash in hand	7,782	7,502
Balances with scheduled banks:		
- In Fixed Deposit accounts	43,624,780	31,504,502
- In Current Accounts	63,367,764	28,064,279
- In Unpaid Dividend Accounts	453,416	300,854
- In Current Account - balance belongs to society under formation	39,980,989	28,731,662
	147,434,731	88,608,799
(d) LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	50,628,085	50,920,709
Advances to Suppliers	2,644,575	2,563,054
Loans to group concerns	2,796,215,694	3,098,061,113
Advances Considered Doubtful	-	1,090,852
	2,849,488,353	3,152,635,727
Less : Provision for Doubtful Debts	-	1,090,852
	2,849,488,353	3,151,544,875
Taxes paid in advance and TDS	555,358,956	371,270,678
Advance FBT	134,339	296,013
	3,404,981,648	3,523,111,567
<b>Total</b>	<b>4,219,689,554</b>	<b>4,368,147,003</b>

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31, 2011

	March 31,2011 (Rs.)	March 31,2010 (Rs.)
<b>SCHEDULE H</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors		
Due to Micro and Small Enterprises	-	-
Others	22,191,132	48,544,217
Advances from customers	102,017,900	10,022,035
Other Liabilities	79,316,363	89,644,031
Unpaid Dividend	453,416	300,854
* Unclaimed Debentures [To be deposited in Investor Education and Protection Fund Dues when due ]	740,085	741,535
* Unclaimed VRS	1,040,231	1,040,231
* The figure do not include any amount due and outstanding to be credited to Investors Education & Protection Fund]		
	205,759,127	150,292,902
<b>PROVISIONS</b>		
Provision For Gratuity	3,331,550	3,168,081
Provision For Leave Encashment	451,890	484,037
Provision For Fringe Benefit Tax	134,339	296,013
Provision For Taxation	782,681,147	799,376,270
Proposed Dividend	66,503,805	25,427,640
Dividend Distribution Tax	10,788,580	4,223,214
	863,891,311	832,975,255
<b>Total</b>	<b>1,069,650,438</b>	<b>983,268,157</b>

	March 31,2011 (Rs.)	March 31,2010 (Rs.)
<b>SCHEDULE I</b>		
<b>OTHER INCOME</b>		
Interest received (TDS Rs.3,82,75,583/- P.Y. Rs.3,35,91,695/-)	382,771,909	331,113,117
Miscellaneous income	17,029,628	18,202,410
Dividend (Non-Trade)	25,110	15,066
Rent Received	628,689	845,638
Balances Written back	20,931,209	7,031,214
Profit on Sale of Short Term Investments	2,211,721	894,775
Club House Income	4,339,203	3,459,958
<b>Total</b>	<b>427,937,468</b>	<b>361,562,178</b>

	March 31,2011 (Rs.)	March 31,2010 (Rs.)
<b>SCHEDULE J</b>		
<b>INCREASE/(DECREASE) IN INVENTORIES</b>		
Closing Stock		
Finished Stock-Era	57,877,424	57,877,424
Finished Stock-Innova II	568,246,644	677,619,262
Stock in Trade-TDR (MHADA)	-	51,530
	626,124,067	735,548,215
Less: Opening Stock		
Finished Stock-Era	57,877,424	104,959,028
Finished Stock-Innova II	677,619,262	-
Stock in Trade-TDR (MHADA)	51,530	-
Construction Work in Progress (including land)	-	334,306,097
	735,548,215	439,265,125
Increase/(Decrease) in Inventories	(109,424,148)	296,283,090
Less : Cost of TDR(MHADA) re-stated written off in the previous year	-	(51,530)
Add : Transfer of Construction Cost of 2000 sqmt of FSI net off against deposit in lieu of development obligation	-	68,544,372
Add : Transfer of Land Stock in Trade to Prior Period Expenses not charged to cost of sales in the earlier year	-	25,380,945
<b>Total</b>	<b>(109,424,148)</b>	<b>390,156,878</b>



# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31, 2011

(In Rs.)

	2010-2011		2009-2010	
<b>SCHEDULE K</b>				
<b>PROPERTY DEVELOPMENT AND</b>				
<b>OTHER EXPENSES</b>				
<b>A) Property Development Expenses</b>				
- Materials Consumed				
Steel	-		3,644,848	
Cement	-		2,132,517	
Marble	-		651,275	
Other Materials	-	-	27,872,762	34,301,403
- Direct Expenses				
Labour charges	-		105,747,735	
Transport Charges	-		1,577,818	
Other Direct Expenses	-	-	20,879,941	128,205,495
- Power	3,628,236	3,628,236	3,912,563	3,912,563
Cost of Investments Sold		9,987,758		101,528,931
Cost of 2000 sq. mt. Space Constructed		-		394,144,372
<b>B) Personnel cost</b>				
- Salaries, wages, bonus	33,831,957		30,801,558	
- Contribution to PF and gratuity	1,208,855		3,168,713	
- Staff welfare expenses	186,123	35,226,935	301,829	34,272,100
<b>C) Property Upkeep Expenses</b>				
- Material	7,354,041		-	
- Labour & Overheads	17,128,380	24,482,421	-	-
<b>D) Administrative expenses</b>				
- Repairs and maintenance - Buildings	237,534		42,849	
- Repairs and maintenance - Others	159,201		361,761	
- Rent	65,473		61,714	
- Rates and Taxes	75,172		74,539	
- Insurance	180,129		381,756	
- Security Expenses	1,074,833		1,780,025	
- Professional Fees	1,468,746		1,181,778	
- Directors' Sitting Fees	175,000		215,000	
- Auditors Remuneration				
Tax Audit Fees	130,000		130,000	
Statutory Audit Fees	285,000		285,000	
Limited Review Fee	225,000		225,000	
- Brokerage	6,126,354		11,759,381	
- Advertisement	4,955,910		3,060,394	
- Service Tax	1,016,765		6,356,764	
- Investment Property Written off	14,751,794		-	
- Other expenses	11,757,466	42,684,377	43,671,050	69,587,011
<b>Total</b>		<b>116,009,727</b>	<b>765,951,874</b>	

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'L' - SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are as follows:

### (I) Accounting convention

The financial statements have been prepared on historical costs and on the basis of going concern and are in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956. Incomes and expenses are recognized on accrual basis, except in case of sale of car parking rights the income is recognized on cash basis due to uncertainty of receipt of these amounts through separate agreement/letter of allotment.

### (II) Use of estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates are made to the best of the management's ability considering all necessary information. Differences, if any, between actual results and estimates are recognized in the period in which the results are ascertained. These being technical in nature the auditors rely on the judgment of the management.

### (III) Revenue

- (a) Revenue in respect of realty development activities is recognized upon the transfer of significant risks and rewards to the buyer in terms of the underlying sale agreement, provided it is not unreasonable to expect ultimate collection. The Company perceives that risk and reward stands transferred to the buyer when the underlying sale agreements are registered with the appropriate authorities.
- (b) Dividend income is recognized when the right to receive the same is established

### (IV) Inventories

Inventory comprising of Finished Stock and construction work-in-progress, including stock of materials, is valued at cost or Net Realizable Value whichever is lower. Cost includes materials, direct expenses that is arrived at on first- in-first-out basis. Inventory includes cost of land determined at historical value.

### (V) Fixed assets and depreciation

- (a) Fixed assets are stated at cost less accumulated depreciation. Cost includes acquisition / construction price and include incidental expenses, but is net of CENVAT or other duty credits.
- (b) Depreciation is provided on the Straight Line Basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956:
- (c) Cost (less estimated salvage value) of fixed assets acquired for specific projects is depreciated over the duration of the project
- (d) Cost of Fixed Assets acquired for Club House is depreciated @ 20%.

### (VI) Investments

- (a) Long-term investments including investment held as land and buildings are shown at cost. Provision for diminution in the value of investments is made to recognize a decline of a permanent nature.
- (b) Current investments are carried at the lower of cost and fair value as at the balance sheet date.

### (VII) Employee Benefit

#### (a) Defined Contribution Plan

The Company's liability towards Employee Provident Scheme is administered through the Employee Provident Fund Organisation administrated by the Govt. of India. The company's contributions paid / payable towards this defined contribution plan is recognized as expense in the Profit & Loss Account during the period in which the employee renders the related service. The interest rate payable to the beneficiaries is determined by the government.

- (b) The Company provides for retirement/post retirement benefits in the form of gratuity and leave encashment. Both these funds are non funded and are provided for in the Balance Sheet on the basis of actuarial valuations. The obligation is measured at the present value using a discount rate.

### (VIII) Borrowing Costs

Borrowing costs incurred on constructing or acquiring a qualifying asset are capitalized as cost of that asset until it is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue and recognized as an expense in the Profit and Loss account.

### (IX) Taxes on income

Current tax is ascertained on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized on timing differences between accounting income and taxable income, which arise in an accounting period and are capable of reversal in later periods. Deferred tax assets are recognized when there is reasonable certainty of realization.

In case of carry forward depreciation / business losses, deferred tax assets are recognized only where there is virtual certainty that the Company will have sufficient future taxable income against which the losses/depreciation can be set off. Deferred tax assets / liabilities are reviewed at each balance sheet date.

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'L' - SIGNIFICANT ACCOUNTING POLICIES

### (X) Impairment of Fixed Assets

- (I) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
- (II) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### (XI) Contingent Liabilities

Contingent liability is a possible obligation that arises from past events and the existence will be confirmed by the occurrence or non occurrence of an uncertain future event not wholly within the control of the company or it may be an obligation that may arise out of a past event but is not recognized because it is not probable that there could be an outflow of resources or the amount of obligation cannot be reliably estimated. Accordingly contingent liabilities are disclosed after careful evaluation of facts and their legal consequences.

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'M' - NOTES TO THE ACCOUNTS

### 1. Contingent liabilities:

Disputed excise duty claims Rs. 1,55,59,790/- (Previous Year Rs. 1,56,81,285/-) in respect of which the Company made payment of Rs. 116,495/- & penalty of Rs. 5,000/- has been dropped by the Commissioner (Appeals), Central Excise.

Claims against the company not acknowledged as debt:

The Employees Provident Fund Authorities have issued a show cause notice against the company raising a claim of Rs. 38,83,486/- purportedly being arrears pertaining to damages and delayed payment interest. The Company has contested this matter in court.

The Employees' State Insurance Corporation has raised a claim of Rs. 8,67,074/- purportedly being arrears of contribution, damages and delayed payment interest. The Company had made a representation to the Board for Industrial and Financial Reconstruction in this regard.

The Company has issued the Counter Guarantees up to a maximum amount of Rs. 10,97,42,111/- (Previous Year Rs. Nil) for Term Loans granted by the Financial Institutions to its Group Concern.

2. The Company has entered into an agreement for development of property in Bangalore with the owner of the land. Development work would commence once the regulatory compliances are met with. The Company has paid an advance towards the joint venture on the basis of the agreement signed.
3. (a) The Govt. of Maharashtra, Directorate of Industries has issued a communication to the effect that an area of 19201 Sq. mts at the Lower Parel facility of the Company be treated as a Private Information Technology Park. This would in effect mean that the Company could develop, maintain or sell double the area i.e. 38402 sq. mtrs, so earmarked. Subject to the conditions laid down, the Income earned from this Private Information Technology Park would be entitled to 100% tax holiday in accordance with Sec.80IA(4)iii of the Income Tax Act 1961.  
(b) The Company has made an application to the Central Board of Direct Taxes (CBDT) seeking exemption of taxes payable from profits generated from this Private Information Technology Park which has been granted vide Notification No.78/2010/F.NO.178/100/2008-ITA-I dated 11th October, 2010.  
(c) While computing Provision of Tax for the year ended March 31, 2011 the taxable profits fall within the ambit of Section 115JB of the Income Tax Act 1961. Accordingly, Minimum Alternate Tax (MAT) has been provided for. In terms of Section 115JAA of the Income Tax Act 1961 the Company is entitled to claim MAT credit being the difference between MAT and tax normally computed in accordance with the provisions of the Income Tax Act 1961.
4. Innova the Commercial project has been completed. Based on management decision unsold office space at Innova is segregated between Finished Stock and Long Term Investment.
5. In terms of the rehabilitation scheme sanctioned by the Board for Industrial and Financial Reconstruction in May 2003- 25,000 6% Redeemable Cumulative Preference shares of Rs. 100/- each aggregating to were issued to the new management as part of the capital restructuring. It is proposed to redeem these Preference Shares and accordingly an amount of Rs. 25,00,000/- has been transferred to the Capital Redemption Reserve Account to facilitate the same.
6. The Company invests its surplus funds in Inter Corporate Deposits (ICD) with group companies. This yields an income that is slightly more than the governing prime lending rate of the Company's banks. In order to enhance the rate of return, the Company had entered into a joint venture agreement with Chhaganlal Khimji & Co. Pvt. Ltd (CKCL) a group company wherein ICD upto a maximum of Rs. 125,02,62,000/- be converted as the Company's share in the joint venture and the Company gets an assured annual compounded internal rate of return of 15% to be payable when project turns profitable  
  
CKCL is a 100% subsidiary of Marathon Realty Pvt. Ltd. (MRPL) CKCL has subscribed Rs. 125,02,62,000/- towards the Preference Share Capital of Parmeka Pvt. Ltd (PPL). PPL is a 100% subsidiary of MRPL. MRPL has decided to merge CKCL and PPL with itself. In order to safeguard its interest in the joint venture with CKCL the company has acquired from CKCL the Preference Capital held by it in PPL consisting of 92612 -11%, Redeemable Cumulative Preference Shares of Rs. 100/- each at Premium of Rs. 13400/- per share aggregating to Rs. 1,25,02,62,000/-. MRPL has assured the Company that its interest in the Joint Venture would be protected in the merged entity. A memorandum of understanding to this effect has been signed by the concerned entities.
7. The income Tax Assessments of the Company have been completed up to Assessment Year 2008-09. For the Assessment Year 2005-06 the company has preferred an appeal to the Income Tax Appellate Tribunal based on the order of the Commissioner of Income Tax. The company does not envisage any additional tax liability.
8. SECURED LOANS
  - (a) Construction Finance Loan is secured by creating a mortgage of the 8th and 9th Floor of Marathon Innova, Lower Parel, Mumbai and further counter guaranteed by the promoter directors.
  - (b) Lease Rent discounting finance is secured by the Mortgage of Emperor Building situated at Lower Parel Mumbai and further counter guaranteed by the promoter directors and Marathon Realty Pvt. Ltd. a group company. The charge was created on Unit No. E-01, E-101, E-201 on lease rent receivables.

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'M' - NOTES TO THE ACCOUNTS

The said structure has since been demolished and the company has ceased to receive lease rentals but the Equated Monthly Installments as per original sanction are being honored. The modification of the charge with the Registrar of Companies is yet to be executed.

- (c) Working Capital Demand Loan is secured by the mortgage of the 9th & 10th Floor of Marathon Innova, Lower Parel, Mumbai and further counter guaranteed by the promoter directors.
- (d) Car loans are secured by hypothecation of the respective cars.

### 9. Income from operations include:-

- (a) Sale of property Rs. 82,46,50,450/- (Previous Year Rs. 110,59,12,731/-)
- (b) Lease rental Rs. 1,70,37,908/- (Previous Year Rs. 9,57,05,239/-)
- (c) Sale of property held as long term investment of Rs. 8,73,70,100/- (Previous year Rs. 93,72,20,600)
- (d) Sale of Transfer of Development Rights (TDR) Rs. 4,28,26,980/- (Previous year Rs. NIL)

### 10. Computation of Net Profit in accordance with section 349 of Companies Act, 1956:

Particulars		2010-11 (Rs.)		2009-10 (Rs.)
Profit Before Tax		108,67,49,704		196,62,52,278
<b>Add:</b>				
Managerial Remuneration	1,21,00,000		1,11,00,000	
Depreciation as per Books	40,18,585		33,78,709	
Loss on scrapped Fixed Assets	1,05,180	1,62,23,765	9,64,593	198,16,95,580
<b>Less:</b>				
Depreciation U/S 350 of Companies Act	40,18,585		33,78,709	
Provision no longer Required	2,09,31,209		70,31,214	
		2,49,49,794		1,04,09,923
		<b>107,80,23,675</b>		<b>197,12,85,657</b>

Commission payable to the Chairman and Managing Director at 1% of the Profits is Rs. 1,07,80,237 [Previous Year Rs. 1,97,12,857].

The Commission payable to the Chairman and the Managing Director restricted to Rs. 72,00,000 [Previous Year Rs. 72,00,000] as per recommendation of the Remuneration Committee.

### 11. Remuneration to Director

Particulars	2010-2011 (Rs.)	2009-2010 (Rs.)
<b>Salary to Chairman &amp; Managing Directors</b>		
Salary	45,00,000	36,00,000
Bonus	4,00,000	3,00,000
Commission	72,00,000	72,00,000
<b>Total</b>	1,21,00,000	111,00,000
<b>Sitting Fees paid to Non Executive directors</b>	1,75,000	2,15,000
<b>Total</b>	<b>1,22,75,000</b>	<b>113,15,000</b>

Note: Gratuity has been computed for all the employees of the Company. There are no particular computations for Managing Director and Whole Time Director. Hence the gratuity is not included in Managerial Remuneration.

- 12. Miscellaneous balances written back of Rs. 2,09,31,209/- [Previous Year Rs. 1,36,84,311/-] is net of balances written off Rs. 4,22,627/- [Previous Year Rs. 29,65,445/-].

### 13. Prior Period Adjustment :

	2010-11 (Rs.)	2009-10 (Rs.)
Stock in Trade-TDR (MHADA)	-	(-)51,530/-
Diminution on Investment (Emperor Bldg)	-	(-)86,457/-
Land Stock in Trade	-	2,53,80,945/-
	-	<b>+ Rs. 2,52,42,958/-</b>

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'M' - NOTES TO THE ACCOUNTS

### 14. Reconciliation of opening and closing balances of Defined Benefit Obligations

Particulars	2010 - 2011		2009 - 2010	
	GRATUITY	LEAVE ENCASHMENT	GRATUITY	LEAVE ENCASHMENT
	UNFUNDED (Rs.)	UNFUNDED (Rs.)	UNFUNDED (Rs.)	UNFUNDED (Rs.)
Mortality table	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
Method	Projected Unit Credit Method	Projected Unit Credit Method	Projected Unit Credit Method	Projected Unit Credit Method
Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs
Expected Return on Plan Asset	N/A	N/A	N/A	N/A
Withdrawal Rates	10% to 2% p.a. related on graduated scale	10% to 2% p.a. related on graduated scale	1% p.a.	1% p.a.
Discount Rate per annum	8%	8%	7%	7%
Rate of increase in compensation levels	7%	7%	4%	4%

### Changes in the Present Value of the Obligations and in the Fair Value of the Assets

Particulars	2010 - 2011		2009 - 2010	
	GRATUITY	LEAVE	GRATUITY	LEAVE
	UNFUNDED (Rs.)	ENCASHMENT UNFUNDED (Rs.)	UNFUNDED (Rs.)	ENCASHMENT UNFUNDED (Rs.)
Defined benefit obligation at the beginning of the year	3,168,081	484,037	844,330	275,731
Current Service Cost	636,060	211,837	665,870	456,761
Interest Cost	253,446	38,723	59,103	19,301
Actuarial gain (loss)	726,037	(217,995)	(1,598,778)	231,336
Benefits paid/accrued	-	5,00,702	-	36,420
Defined benefit at year end	3,331,550	451,890	3,168,081	484,037
Fair Value of Plan Assets as on 01/04/2010	NIL	NIL	NIL	NIL
Expected Return on Plan Assets	NIL	NIL	NIL	NIL
Contributions	NIL	500,702	NIL	36,420
Benefits Paid	NIL	(500,702)	NIL	(36,420)
Actuarial Gain (Loss) Plan Assets	NIL	NIL	NIL	NIL
Fair Value of Plan Assets 31-03-2011	NIL	NIL	NIL	NIL
Total Actuarial (Gain)/loss to be recognized	(726,037)	217,995	1,598,778	(231,336)
<b>Profit &amp; Loss Expenses</b>				
Current Service Cost	636,060	211,837	665,870	456,761
Interest Cost	253,446	38,723	59,103	19,301
Actuarial gain (loss)	726,037	(217,995)	1,598,778	(231,336)
CHARGED TO PROFIT AND LOSS ACCOUNT	163,469	468,555	2,323,751	244,726

### Balance Sheet Recognition

Present Value Of Obligation	33,31,550	4,51,890	31,68,081	4,84,037
Fair Value Of Plan Assets	NIL	NIL	NIL	NIL
Liability (Assets)	33,31,550	4,51,890	31,68,081	4,84,037
Unrecognized Past Service Cost	NIL	NIL	NIL	NIL
<b>Liability (Asset) recognized in Balance Sheet</b>	<b>33,31,550</b>	<b>4,51,890</b>	<b>31,68,081</b>	<b>4,84,037</b>

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## Movement in the net Liability recognized in the Balance Sheet

Opening Net Liability	31,68,081	4,84,037	8,44,330	275,731
Expenses	1,63,469	4,68,555	2,323,751	244,726
Contribution	Nil	(5,00,702)	Nil	( 36,420)
Closing Net Liability	33,31,550	4,51,890	3,168,081	484,037

Data				
No	59	59	60	60
Avg. Age	35yrs	35yrs	34yrs	34yrs
Avg. Sal	Rs.33,944	Rs.33,944	Rs.31,093	Rs.31,093

The above information is based on the Certificate provided by the certified actuary.

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'M' - NOTES TO THE ACCOUNTS

15. Disclosure as required by Accounting Standard 18 -'Related Party Disclosures' issued by The Institute of Chartered Accountants of India are as follows:

- |   |   |  |
|---|---|--|
| (a) Where control exists: Holding Company   | : | Ithaca Informatics Pvt. Ltd  |
| (b) Key managerial person of the Company  | : | Chetan R. Shah – Managing Director   |
| (c) Relatives of key managerial personnel   | : | Mayur R. Shah (Brother of Managing Director) - Director<br>Anusuya R. Shah (Mother of Managing Director)<br>Ramniklal Z. Shah (Father of Managing Director)<br>Shailaja C. Shah (Wife of Managing Director)<br>Sonal M. Shah (Wife of Mayur R. Shah - Director)  |
| (d) Associates  | : | Columbia Chrome (I) Pvt. Ltd.<br>Swayam Realtors & Traders Ltd.  |
| (e) Enterprises over which key managerial person / relatives exercise significant Influence | : | Chhaganlal Khimji & Co Pvt. Ltd.<br>Citadel Realty & Developers Ltd.<br>Cornell Hsg. & Infrastructure Pvt.Ltd.<br>Fibre Box (Bombay) Private Limited<br>Kanchi Rehab Pvt Ltd.<br>Lark Consultancy Pvt. Ltd.<br>Marathon Construction Co.<br>Marathon Developers<br>Marathon Energy Private Limited<br>Marathon Fiscal Pvt Ltd.<br>Marathon Group<br>Marathon Housing Pvt Ltd.<br>Marathon Infotech Private Ltd.<br>Marathon IT Infrastructure Pvt. Ltd.<br>Marathon Nextgen Township Pvt Ltd.<br>Marathon Nexzone Infrastructure Pvt Ltd.<br>Marathon Nexzone Land Pvt Ltd<br>Marathon Prachin Infrastructures P.Ltd.<br>Marathon Realty Pvt. Ltd.<br>Marathon Securities & Properties Pvt Ltd.<br>Marathon Venture Pvt Ltd.<br>Matrix Architects & Engineers<br>Matrix Enclaves Projects Development Private Limited<br>Matrix Fiscal Pvt Ltd.<br>Matrix Waste Management Pvt. Ltd.<br>Matrix Water Management Pvt. Ltd.<br>Nextgen Buildcon Pvt Ltd.<br>Nextgen City Container Depot Pvt. Ltd.<br>Nextgen City Energy Private Limited<br>Nextgen City Utilities Private Limited<br>Nextgen City Water Mgt. Private Limited<br>Nextgen Green Housing & Commercial Enclave Pvt Ltd.<br>Nextgen Land Pvt Ltd.<br>Nexzone Fiscal Services Pvt Ltd<br>Nexzone IT Infrastructure Pvt. Ltd.<br>Nexzone Land Pvt Ltd<br>Nexzone Utilities Pvt. Ltd.<br>Nexzone Water Management Pvt. Ltd.<br>Olympic Enterprises |



## **MARATHON NEXTGEN REALTY LIMITED**

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

Parmeka Private Limited  
Rare Townships Pvt. Ltd.  
Sanvo Resorts Private Limited  
Shree Mulund News Publication  
Sonasha Enterprises  
Svarnim Enterprises Private Limited  
United Builders  
United Enterprises  
Vector Modular System (I) Pvt. Ltd.  
Vector Projects (India) Pvt Ltd  
Vector Properties (I) Pvt Ltd  
Vinotak Investment Pvt Ltd

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'M' - NOTES TO THE ACCOUNTS

(f) Details of Transactions:	Holding company	Associates	Enterprises Included in (e) above	Key Management Person / Relative	Total
Expenses reimbursed by MNRL			4,774,177	-	4,774,177
		(211,504)	(1,301,019)	-	(1,512,523)
11% Redeemable Preference Share of Parmeka Pvt Ltd	-	-	1,250,262,000	-	1,250,262,000
Hire Charges	-	-	264,720	-	264,720
	-	-	(1,323,600)	-	(1,323,600)
Expense Reimbursed to MNRL	-	-	5,028,277	-	5,028,277
	-	-	(14,468,920)	-	(14,468,920)
Project Expenses Transferred (Net)	-	-	-	-	-
	-	-	(3,112,464)	-	(3,112,464)
Advance Received	-	-	1,445,178,774	-	1,445,178,774
	-	-	(926,627,720)	-	(926,627,720)
Advance Repaid / Given	-	43,734,296	2,023,216,186	-	2,066,950,482
	-	(30,053,722)	(2,551,272,020)	-	(2,581,325,742)
Interest Received	-	141,816,696	238,130,727	-	379,947,423
	-	(129,548,662)	(197,683,104)	-	(327,231,766)
Interest Paid	-	-	-	-	-
	(71,769)	-	-	-	(71,769)
Dividend Paid Equity	19,003,260	-	-	3,530,490	22,533,750
	(15,202,608)	-	-	(2,824,392)	(18,027,000)
Preference	150,000	-	-	-	150,000
	(150,000)	-	-	-	(150,000)
Interim	-	-	-	-	-
	(14,252,445)	-	-	(2,647,868)	(16,900,313)
Share of Joint Venture Profit	-	-	-	-	-
	-	-	(29,100,000)	-	(29,100,000)
Remuneration	-	-	-	4,900,000	4,900,000
	-	-	-	(3,900,000)	(3,900,000)
Commission	-	-	-	7,200,000	7,200,000
	-	-	-	(7,200,000)	(7,200,000)
Sharing of infrastructure and Resources.(Non monetary transaction)	-	-	-	-	-
Bank guarantee given on behalf of company	-	-	-	-	-
Debit Balances Outstanding	-	1,334,020,997	1,462,454,123	-	2,796,475,120
	-	(1,162,651,675)	<b>(1,935,409,438)</b>	-	(3,098,061,113)

### Notes:

1) Guarantees given by key management person / relatives for loan availed by the Company from financial institution

2) Figures in bracket (-) indicate previous year's figures.

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'M' - NOTES TO THE ACCOUNTS

Disclosure in respect of transactions that exceed 10% of the total value of transactions of the same type with related parties during the year:

Particulars	2010 - 2011	2009 - 2010
<b>Expenses reimbursed by MNRL</b>		
Marathon Realty Pvt Ltd	4,774,177	1,301,019
Swayam Realtors & Traders Ltd	-	211,504
<b>Total</b>	<b>4,774,177</b>	<b>1,512,523</b>
<b>11% Redeemable Preference Share of Parmeka Pvt Ltd</b>		
Chhaganlal Khimji & Co Pvt Ltd	1,250,262,000	-
<b>Hire Charges</b>		
Chhaganlal Khimji & Co Pvt Ltd	264,720	1,323,600
<b>Expense Reimbursed to MNRL</b>		
Marathon Realty Pvt Ltd	5,028,277	14,468,920
<b>Project Expenses Transferred</b>		
Marathon Realty Pvt Ltd	-	3,112,464
<b>Advances Received</b>		
Parmeka Pvt Ltd	164,126,097	-
Marathon Realty Pvt Ltd	1,188,073,725	676,830,000
Chhaganlal Khimji & Co Pvt Ltd	-	249,797,720
<b>Total</b>	<b>1,352,199,822</b>	<b>926,627,720</b>
<b>Advances Given \ Repaid</b>		
Marathon Realty Pvt Ltd	1,732,276,186	1,126,272,020
Chhaganlal Khimji & Co Pvt Ltd	39,000,000	1,425,000,000
<b>Total</b>	<b>1,771,276,186</b>	<b>2,551,272,020</b>
<b>Interest Received</b>		
Columbia Chrome (I) Pvt. Ltd.	53,675,769	48,964,895
Swayam Realtors & Traders Ltd	88,140,927	80,583,767
Marathon Realty Pvt. Ltd.	152,813,387	176,332,611
Chhaganlal Khimji & Co Pvt Ltd	79,578,397	-
<b>Total</b>	<b>374,208,480</b>	<b>305,881,273</b>
<b>Interest Paid</b>		
Ithaca Informatics Pvt Ltd	-	71,769
<b>Dividend Paid</b>		
Ithaca Informatics Pvt. Ltd.		
Equity	19,003,260	15,202,608
Preference	150,000	150,000
Interim	-	14,252,445
<b>Total</b>	<b>19,153,260</b>	<b>29,605,053</b>
<b>Remuneration</b>		
Chetan R. Shah	4,900,000	3,900,000
<b>Commission</b>		
Chetan R. Shah	7,200,000	7,200,000
<b>Share of Joint Venture Profit</b>		
Marathon Realty Pvt Ltd	-	29,100,000
<b>Debit Balances Outstanding</b>		
Marathon Realty Pvt. Ltd.	1,422,980,324	740,991,714
Columbia Chrome (I) Pvt. Ltd.	495,948,865	445,590,673
Swayam Realtors & Traders Ltd	838,072,132	717,061,002
Chhaganlal Khimji & Co Pvt Ltd	39,473,799	1,194,417,724
<b>Total</b>	<b>2,796,475,120</b>	<b>3,098,061,113</b>

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'M' - NOTES TO THE ACCOUNTS

### 16. Disclosure required by Clause 32 of Listing Agreement:

Amount of loans and advances outstanding from associates and companies in which directors are interested.

Name of the Companies	Closing Balance (Rs.)		Maximum Balance Outstanding during the year (Rs.)	
	2010-11	2009-10	2010-11	2009-10
Marathon Realty Pvt Ltd	142,29,80,324	74,09,91,714	180,16,42,900	167,01,00,134
Chhaganlal Khimji & Company Pvt Ltd	3,92,14,373	119,44,17,724	3,92,14,373	142,50,00,000
Columbia Chrome (I) Pvt Ltd	49,59,48,865	44,55,90,673	49,59,48,865	44,55,90,663
Swayam Realtors & Traders Ltd	83,80,72,132	71,70,61,002	83,80,72,132	71,70,61,002
Parmeka Pvt Ltd	-	-	16,09,40,000	-
Vinotak Investments Pvt Ltd	-	-	9,10,00,000	-

17. The Company has entered into operating Leases relating to certain portions of its property situated in Lower Parel. In Accordance with Accounting Standard 19 the Institute of Chartered Accountants of India pertaining to Leases the following information is furnished:-

#### (a) Premises given on Lease:

- I. The Assets are held as Long term investment.
- II. The depreciation on Investment property of Rs. 5,03,787/- charged to Profit and Loss Account during the year.
- III. Losses on investment property demolished of Rs. 147,51,794/- is charged to Profit and Loss Account during the year.
- IV. Carrying cost of investment Rs. 62,06,902/- (P.Y. Rs.3,09,46,453/-)
- V. Lease rent received during the year Rs. 1,70,37,908/-
- VI. Lease rent Receivable within one Year Rs. 7,89,000/- (P.Y. Rs. 4,05,34,502/-)
- VII. Later than one year & not Later than Five years Rs. 1,15,500/- (P.Y. Rs. 1,60,25,438/-)
- VIII. Later than five years NIL (P.Y. NIL)

#### (b) Equipment given on Lease:

- I. Lease rent received during the year Rs. 2,40,000/- (P.Y. Rs. 2,40,000/-)
- Disclosure of Assets given on Rent.

Description of Assets	Gross Block As on 31/03/2011	Depreciation			Net Block As on 31/03/2011
		As on 01/04/2010	For the Year	Up to 31/03/2011	
Batching Plant	29,40,452	14,15,271	92,571	15,07,842	14,32,610

### 18. Earnings per Share

Sr. No.	Particulars	2010-11	2009-10
(i)	Profit after tax for the year as per Profit and Loss Account (Rs.)	87,94,86,351	146,68,96,259
(ii)	Less dividend for the year on cumulative preference share capital (Rs.)	(1,50,000)	(1,50,000)
(iii)	Less:- Dividend Distribution Tax	(24,334)	(24,914)
(v)	Net profit for the year attributable to equity shareholders (Rs.)	87,93,12,017	1,46,67,21,345
(v)	Weighted average number of equity shares	1,89,58,230	1,89,58,230*
(vi)	Basic and diluted earnings per share (Rs.)	46.38	77.37
(vii)	Nominal value per equity share (Rs.)	10.00	10.00

\* Previous year number of shares is restated on account of Bonus Shares issued as per the Accounting Standard 20 issued by the Institute of Chartered Accountant of India.

19. Based on the information available with the Company, as at the balance sheet date, there are no small and medium enterprises that are registered with the Company. The Company has however by way of abundant caution dispatched to some of its creditor's to confirm whether they come under Micro, Small and Medium Enterprise Development Act 2006 as well as they have filed required Memorandum with the prescribed authority.

20. Balance of Creditors are subject to Confirmation.

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## SCHEDULE 'M' - NOTES TO THE ACCOUNTS

### 21. Deferred tax assets and liabilities:

The composition of balances of deferred tax assets and liabilities is as follows:

Sr.No.	Nature of timing differences	March 31, 2011 (Rs.)	March 31, 2010 (Rs.)
1.	Deferred tax assets in respect of:		
	(a) Differences in book & tax WDV of fixed assets .	(16,95,778)	6,01,814
	(b) Leave salary and Gratuity provision	14,97,953	14,48,657
2	Deferred tax liability:		
3	<b>Net deferred tax Assets / (Liability)</b>	<b>(1,97,825)</b>	<b>20,50,471</b>

### 22. Previous years figures have been regrouped or rearranged to make them comparable with the current year.

For and on behalf of the Board of Directors

**CHETAN R. SHAH**  
Chairman & Managing Director

**MAYURR. SHAH**  
Vice Chairman

**S. RAMAMURTHI**  
Director

**V. NAGARAJAN**  
Director

**K. S. RAGHAVAN**  
Company Secretary

**Date:-** 30th May, 2011

# MARATHON NEXTGEN REALTY LIMITED

Schedule annexed to and forming part of the financial statements for the year ended March 31,2011

## Balance Sheet Abstract and Company's General Business Profile

Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 is annexed hereto.

- (1) Registration Details : -  
Registration No. : 20080  
State Code : 11  
Balance Sheet Date : 31.03.2011
- (2) Capital Raised during the year (Amount in Rs. '000s)  
Public Issue : -  
Rights Issue : -  
Bonus Issue : -  
Private Placement : -
- (3) Position of Mobilisation and Deployment of Funds (Amount in Rs. '000s)  
Total Liabilities : 5,681,552  
Total Assets : 5,681,552

### Sources of Funds

Paid up capital change	: 192,082
Reserves & Surplus	: 3,702,332
Secured Loans	: 717,289
Unsecured Loans	: -
Deferred Tax Liability	: 198

### Application of Funds

Net Fixed Assets	: 89,828
Investments	: 1,371,785
Deferred Tax Assets	: -
Net Current Assets	
Misc. Expenditure	: 3,150,289
Accumulated Losses	: -

- (4) Performance of Company (Amount in Rs. '000s)  
Turnover\* : 1,290,399  
Total Expenditure : 203,649  
Profit/(Loss) before tax : 1,086,750  
Profit/(Loss) after tax : 879,486  
Prior Period Item : -  
Earning Per Share (in Rs.) : 46.40  
Dividend Rate : 35%  
\*Includes Other Income & Increase and Decrease In Stock

- (5) Generic Names of Three Principal Products/Services of the Company

Sr.No.	ITC Code No.	Product Description
1.	NA	Real Estate Developers
2.	NA	Lease Rental

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

**CHETAN R. SHAH**  
Chairman & Managing Director

**MAYUR R. SHAH**  
Vice Chairman

**S RAMMURTHI**  
Whole Time Director

**V NAGARAJAN**  
Director

**K S RAGHAVAN**  
Company Secretary

[www.marathonnextgen.com](http://www.marathonnextgen.com)

**Marathon NextGen Realty Ltd.,**  
Marathon Futurex, Mafatlal Mills Compound,  
N. M. Joshi Marg, Lower Parel - West  
Mumbai - 400 013.