



www.marathonnextgen.com

Perfecting Performance

Taking steps towards the future

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

**35TH ANNUAL
REPORT 2011-12**

MARATHON NEXTGEN REALTY LIMITED



Introduction

PERFECTING PERFORMANCE

Performance is something that improvises and improves gradually and consistently. This year saw a lot of shifts in the market, and as a company, we have taken the steps of progress very diligently and precisely.

And as we climb the steps, we are poised to perfect the performance at the macro as well as micro level, creating a holistic progress taking us a level up, every time.

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Chairman's Speech

Dear Shareholder,

It is a matter of great privilege for me to present to you the annual report of your company for the financial year 2011-12.

In a challenging global business environment, predictability is passé. As a result corporates especially those in the real estate sector are finding it increasingly difficult to assess and mitigate risks, realize their true potential and create value for their stakeholders. The year under review has been tougher than what was anticipated.

Global Scenario

The prevailing macroeconomic scenario looks grim with emerging Asian economies including China facing slower economic growth in the coming two years or so basically on account of weak external demand. The major worrying factor is Europe, where major sovereign countries are facing debt crisis with the rating agencies threatening to downgrade them. The US economy has recently exhibited some resilience and even though there are signs of recovery, there are concerns about the sustainability and, significant risks still prevail.

The Indian Economy

Against the backdrop of such volatility, India faces its own set of challenges. The economy is at a nine year low attributable to factors both external as well as domestic. Rising crude prices is a cause for concern that is threatening to jeopardize the external balance of payment which all along has been taken for granted as manageable. The uncertain political scenario has put the brakes on the reform agenda resulting in a policy paralysis which in turn has had a detrimental effect on the business confidence and therefore on the economy. Inflation has shown no sign of abatement that has further crippled growth prospects.

The International Monetary Fund has pegged the growth rate for the Indian Economy at 6.9% for 2012 and at 7.3% for 2013. This is way below the original growth rates which is mainly as a result of weak demand and high interest rates.

India is the only emerging economy for which growth projections have been pared.

The Real Estate Sector in India

Plunging sales and rising costs have taken their toll on the profitability of the real estate sector. Banks have turned cautious towards issuing fresh loans and rescheduling existing loans. Upward spiraling costs of input materials have put pressure on project execution in turn leading to project delays.

According to a survey undertaken by PriceWaterhouseCoopers, the real estate sector contributed much lower only 5% towards India's overall GDP in 2011-12 as against 10.6% in 2010-11. The same report however clarifies that India still leads the pack of top real estate investment markets in Asia.

Scenario at Maharashtra and Mumbai

The State of Maharashtra and Mumbai City in particular attract heavy investment in the Real Estate Sector. However over a period of years this sector in particular has been plagued with a plethora of regulations including multiplicity of taxes.

The issues of approval of plans / projects and permissions to commence construction of new projects have reached a new level of difficulties. Recent Development Control Regulations have brought in chaos of policy not only in the minds of the Developers and the architect community but also with the officers of Municipal corporation. While new regulations regarding fungible FSI has reduced the total sales value of the project, the premium payable has increased the costs of producing the goods.

Add to such increased costs, the uncertainty about Value Added Tax being levied on Real Estate Industry and uncertainty about the quantum and the method of calculating the applicable value has resulted in double taxation on real estate: initially during the creation of the asset (flats/offices/retail) in terms of VAT & Service Tax and the other on registration as Stamp Duty. Both types of levies being independent, no set-off is available in Stamp Duty.

The pending demands of real estate industry for Government support in terms of lower taxes have not been accepted. This is understandable looking at the revenue collection difficulties of Government. But what are difficult to understand are the new regulations and multiplicity of regulations being brought in causing the cost of creating real estate in Mumbai much higher than the revenues being generate for various government / municipal authorities.

Marathon and the way forward

The project that the Company had undertaken at the erstwhile Piramal Spinning and Weaving Mill compound in Lower Parel has turned out to be a landmark both in terms of aesthetics as well as profitability. It is certainly a matter of great pride for the management that it had created such splendid structures out of a decrepit sick mill that also resulted in considerably enhancing shareholders wealth manifold in a short span of eight years.

Buoyed by this success the Company has embarked in a joint venture to develop another Mill - a prime property in South Central Mumbai and another property in the Western and Eastern suburbs. The coming years would reflect the profitability of these ventures.

I take this opportunity to thank all those who had put their faith in us and who have been part of this rewarding journey. I also place on record my appreciation for the support received by me from my colleagues on the board and all those associated with the organization at various levels.

Regards

Yours truly

Chetan R Shah

Chairman & Managing Director



Vice Chairman's Speech

Dear Shareholder,

It gives me immense pleasure to present to you the annual report of your company for the financial year 2011-12. Let me thank you all for reposing unwavering faith in our Company despite the uncertain economic conditions in general and a subdued real estate scenario in particular.

While the real estate sector passing through a challengeable situation due to an overall slow-down in the country's economy, we are continuing to chart our growth path. Our company's low cost land bank model followed by our strength of enjoying faith and confidence of our customers continued to play a major role in maintaining company's profitability

During the year, your company was engaged in fulfilling its commitment towards all its stakeholders that include customers, employees, communities and shareholders.

As you are aware, at Marathon it is our dharma to create customer delight with promptness, sensitivity, respect and integrity. Welfare of our employees is ingrained in our philosophy, while commitment towards the society and creating exponential value for our shareholders is our continued endeavour.

I am very happy to share with you here, various activities that include a customer satisfaction survey carried out through an internationally acclaimed HR firm Hay Group. The survey has revealed a satisfactory level of your customers in all the categories such as company's assistance in supporting the customer in documentation and legal paper work, adherence to commitment, value for money, transparent dealings, quality of structure and maintenance and amenities.

Likewise an Employee Engagement Survey has been conducted and we have received an excellent feedback on it. Majority of the employees feel that they have good understanding of the company strategy and goals and the same are the right ones for the company at this time. Employees find favorable to work in the company and its business prospects over the years to come. I am sure that these findings would encourage all of us to take the customer delight at the highest level to fulfill our vision.

Today, the world is changing fast. Dynamics of the businesses are also seen changing. Considering these facts, we have embarked on a massive leadership development programme – Next Gen Leaders (NGL) for our leaders (Head of the Departments (HOD)) under the aegis of Hay Group. Various teams of NGL that are working for different projects are being trained under the NGL.

As a part of our exercise to overall senior management and bring cross-function expertise, we have identified 15 who will be trained on project management, purchase, contract execution, financial accounting and legal affairs.

It is a matter of pride for me to inform you that Marathon Nextgen Realty Ltd (MNRL) today emerged as one of the renowned brand among the real estate companies. I know all this is happened because of your love and affection towards the company in nurturing it over the period of several years.

I take this opportunity to thank all those who had put their faith in us and who have been part of this great journey. Marathon is confident of delivering value to its shareholders in the coming days too.

Thank you,

Mayur R Shah

Vice Chairman

Board of Directors & Associates



Mr. Chetan R. Shah
Chairman & Managing Director



Mr. Mayur R. Shah
Vice Chairman & Director



Mr. S. Ramamurthi
Wholetime 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 - 400 013.
Corporate Office:	702, Marathon Max, Mulund-Goregaon Link, Road, Mulund (W), Mumbai - 400 080.
Auditors:	Haribhakti & Co. Chartered Accounts.
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:	Friday, September 28, 2012, at 11:30 am.
Venue:	Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai - 400 018.

Values

i believe in **our** dharma

-  Stand tall in terms of integrity & transparency
-  Continuously improve & scale heights
-  Always focus on customer delight
-  Respect resources and create exponential value
-  Constantly endeavour to create happiness for all
-  Be committed and respectful to all and at the same time be firm and fair



Vision & Mission

VISION OF PERFECTION:

Vision for a perfect world.

Ours was the quest for perfection. It was the very vision that took us ahead on such a long and successful journey of constant innovation, of setting new trends and standards in the real estate industry, and that of offering our customers - which include individuals and business institutions alike - some of the best benefits in the industry.

In this regard, we interpret success as a way of incorporating new facets of perfection in whatever we do. While inspiring others around us to learn from us and perform better.

MISSION OF PERFECTION:

At Marathon the customer is our central focus.

We aim to enhance lives through perfection in our innovations. Not only do we imbibe flawless perfection in our construction technologies and infrastructure, but we also instill strong management values, as a rule to put customer-priority first.

We make perfect acquisitions of land that has the potential for value and appreciation. We make it perform by dint of perfect technology and talent; always delivering more than we promise. Besides, we practise perfect after-delivery services.

While ensuring that we keep our customers in a perfect state of happiness, for an entire lifetime.

Marathon JV Project

MARATHON
MONTE SOUTH
BYCULLA



**HI-RISE
RESIDENTIAL TOWERS**

Upcoming luxurious project at
Central Mumbai, Byculla, Near Saat Rasta.

Call: +91-22-67248588



MARATHON
MONTE CARLO

RESIDENTIAL SUITS

MULUND (WEST)

EXQUISITE 4 & 5 BHK APTS.

MARATHON
MONTE VISTA

A 33 STOREY
LUXURY RESIDENTIAL TOWER

MULUND (WEST)

IDEAL 2 & 4 BHK
COMBINATION APARTMENTS

MARATHON
MONTE PLAZA

MULUND

MULUND (WEST)

RETAIL & OFFICES

Location: Madan Mohan Malviya Marg, Opp. P & T Colony, Off LBS Marg, Mulund (W), Mumbai - 400 080.

Call: +91-22-61466146

Townships at Dombivli (Launching Soon)

MARATHON
NEXWORLD

Dombivli (EAST)

1BHK & 2BHK APARTMENTS

Call: +91-22-61466146



MARATHON
NEXTOWN

Dombivli (EAST)

1BHK & 2BHK APARTMENTS

Call: +91-22-61466146



Other Current Projects

HI-RISE RESIDENCES



MARATHON NEXTGEN ERA
Lower Parel

TOWNSHIPS



MARATHON NAGARI NX
Badlapur



MARATHON NEXZONE
Panvel

COMMERCIAL PROJECTS



MARATHON FUTUREX
Lower Parel



MARATHON NEXTGEN ICON
Lower Parel



MARATHON NEXTGEN INNOVA
Lower Parel



MARATHON INDEPENDENT BUILDING
Lower Parel

Awards



Marathon Heights

The first residential tower in India with a helipad, was awarded 'The Best Residential Project of the year 1999' by Accomodation Times.



Marathon NextGen Innova

Won the award for 'The Best Commercial Project of the year 2006-07' by Accomodation Times.



Marathon NextGen Campus

Was awarded 'Best Urban Design and Master Planning Award' by Construction Source India on 15th November, 2009.



Marathon NextGen Era

Was awarded 'Excellent Interior Design' (Premium Segment) by The Economic Times ACETECH 2010.



Marathon Nagari

Was awarded 'Best Residential Apartment - Low Cost, Metro' by CREDAI on 11th August, 2012.

A large, stylized graphic of a staircase with a grey, 3D effect, ascending from the bottom left towards the top right. The steps are of varying heights and widths, creating a jagged, upward-sloping path.

Reports

A step by step approach leads to the way results are achieved and benchmarks are set. The following pages take you step by step in analyzing and scrutinizing the reports as authored by the dignitaries of the company.

The next step that we aim at taking is to consider these reports as the testing grounds and build upon towards new levels - Step By Step.

NOTICE

NOTICE is hereby given that the Thirty Fifth 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 Friday, 28th September, 2012 at 11:30 am to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet for the year ended on 31st March, 2012 and the Profit and Loss Account as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Preference Shares.
3. To declare Dividend on Equity Shares.
4. To appoint a Director in place of Mr. Mayur R. Shah, 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

Registered Office:

Marathon Futurex,
N.M. Joshi Marg,
Lower Parel,
Mumbai 400 013.
Date: 30th May, 2012

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. 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, Jaferbhoy 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.
4. Subject to section 206A of the Companies Act 1956 the Dividend as recommended by the Board, if approved at the 35th Annual General Meeting, will be paid to those members whose name stand on the Company's Register of members as on 28th September, 2012. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership furnished by NSDL and CDSL for this purpose.
5. The dividend on Preference Shares as recommended by the Directors for the year ended March 31, 2012 will be payable after 28th September, 2012.
6. 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 the Company's RTA if the shares are held in physical form and to the depository concerned in case the shares are held in dematerialized mode.
7. 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 en-cashed the dividend warrants are requested to encash the same soon.
8. The Register of members and the share transfer books of the Company will remain closed from 20th September, 2012 to 28th September, 2012 (both days inclusive) for dividend.
9. The share holders are requested to intimate any change in their address to the RTA of the Company.
10. The shareholders holding scrips in Physical form are requested to dematerilise their scrip in electronic form.
11. 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.

Regd.Office:
Marathon Futurex,
N.M. Joshi Marg,
Lower Parel,
Mumbai 400 013.
Date: 30th May, 2012

By Order of the Board
K. S. Raghavan
Company Secretary

NOTICE

ANNEXURE TO THE NOTICE

Information required under Clause 49 VI A of the Listing Agreement.

The particulars of Director who is proposed to be reappointed at the ensuing Annual general Meeting is given below pursuant to Clause 49 of the Listing Agreement.

Name of the Director	Mr. Mayur R. Shah
Date of Birth	13-04-1962
Date of Appointment	31-03-2003
Qualification	Civil Engineering from Bombay University & M.S. in Structural Engineering from the USA.
Expertise in specific functional areas	Having rich and varied experience in Construction Industry
Other companies in which Directorship held	<ol style="list-style-type: none"> 1. Columbia Chrome (India) Pvt. Limited 2. Cornell Housing And Infrastructure Private Limited 3. Kanchi Rehab Private Limited 4. Lark Consultancy Pvt. Ltd. 5. Marathon Energy Private Limited 6. Marathon Fiscal Private Limited 7. Marathon Housing Private Limited 8. Marathon IT Infrastructure Pvt. Ltd. 9. Marathon Nextgen Townships Private Limited 10. Marathon Nexzone Infrastructures Private Limited 11. Marathon Nexzone Land Private Limited 12. Marathon Prachin Infrastructures Private Limited 13. Marathon Realty Private Limited 14. Marathon Securities And Properties Private Limited 15. Marathon Ventures Private Limited 16. Matrix Enclaves Projects Developments Private Limited 17. Matrix Fiscal Private Limited 18. Matrix Waste Management Private Limited 19. Matrix Water Management Private Limited 20. Nextgen Buildcon Private Limited 21. Nextgen City Container Depot Private Limited 22. Nextgen City Energy Private Limited 23. Nextgen City Utilities Private Limited 24. Nextgen City Water Management Private Limited 25. Nextgen Green Housing And Commercial Enclave Private Limited 26. Nextgen Land Private Limited 27. Nexzone Fiscal Services Private Limited 28. Nexzone IT Infrastructure Private Limited 29. Nexzone Land Private Limited 30. Nexzone Utilities Private Limited 31. Nexzone Water Management Private Limited 32. Parmeka Private Limited 33. Rare Townships Private Limited 34. Sanvo Resorts Private Limited 35. Svarnim Enterprises Private Limited
Other public companies in which membership of Committees of Directors held	NIL
No. of shares held as on 31st March, 2012	1500

Regd. Office:
 Marathon Futurex,
 NM Joshi Marg,
 Lower Parel,
 Mumbai 400 013.
 Date: 30th May, 2012.

By Order of the Board
 K. S. Raghavan
 Company Secretary

DIRECTOR'S REPORT

The Directors have pleasure in submitting their Thirty Fifth Annual Report together with the audited accounts of your Company for the year ended 31st March, 2012.

WORKING RESULTS:

	Year ended 31st March 2012 (₹ Lacs)	Year ended 31st March 2011 (₹ Lacs)
Profit / (Loss) before Depreciation, interest and Taxation	9,733	11,738
Less: Depreciation	41	40
	9,692	11,698
Less: Interest/Finance Cost	908	887
Profit before Taxation	8,784	10,811
Less: Provision for Taxation	1,681	2,073
Add: Prior period adjustment	-	-
Profit / (Loss) after tax after adjustment	7,103	8,795
Less: Transfer to Capital Redeem Reserve	-	25
	7,103	8,770
Add: Balance Brought Forward from previous year	11,998	9,571
Less: Dividend on Preference Shares including arrear thereon	1	1
Dividend on equity shares	759	664
Tax on distributed profits	123	108
Less: Transfer to General Reserve	4,500	5,570
Balance carried to Balance Sheet	13,717	11,998
Earnings per share – basic and diluted (₹)	37.45	46.40

The realty sector on the whole and the commercial segment in particular is reeling under severe demand recession. In the segment where your Company is predominantly engaged is facing a situation of over supply. Further tight monetary conditions have acted as a deterrent and many prospective buyers have deferred their commitments.

Despite these and various other constraints your Company has performed reasonably well and the commercial project is almost sold out.

DIVIDEND:

Your directors are pleased to recommend an equity dividend of Rs. 4/- per share (40%) on the share capital. The directors declare a dividend of 6% on the Cumulative Preference Capital of the Company. The Company has declared these dividends after careful consideration of your Company's financial performance and the need to conserve resources to augment the long-term resources of the Company.

FUTURE PROSPECTS:

Your Company has a 40% share in a Special Purpose Vehicle that is to develop prime properties in South Mumbai and the Western Suburbs. This SPV is in the process of getting converted into a Limited Liability Partnership (LLP). The LLP would be more tax efficient and would help in the Company recognizing revenue and profits on a periodic basis. The South Mumbai project would commence shortly as most permissions / sanctions are in place.

The Company has entered into a Joint Venture with an associate company to develop a prestigious commercial property in Lower Parel, Mumbai.

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

DIRECTOR'S REPORT

DIRECTORS

Mr. Mayur R. Shah, Director retires by rotation and being eligible offers himself for re-appointment.

Brief resume of the Director, nature of experience in specific functional area and names of the companies in which he holds 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(2A) of the Companies Act, 1956 with respect to Directors responsibilities it is hereby confirmed that:

- (i) in the preparation of the annual accounts, the applicable accounting standards has 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

Any shareholder interested in obtaining a copy of the statement of particulars of employees referred to in Section 217(2A) of the Companies Act, 1956 may write to the Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND 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 conservations 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 paid the Annual Listing Fees for the year 2012-13.

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.

AUDITORS

M/s. Haribhakti & Co., Chartered Accountants, retire as the Statutory Auditors at the conclusion of the 35th 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.

DIRECTOR'S REPORT

ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to express its sincere appreciation for the excellent support and cooperation 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. Their dedicated efforts and enthusiasm has been integral to your Company's growth.

Place: Mumbai

Date: 30th May, 2012

For and on behalf of the Board

Chetan R. Shah

Chairman & Managing Director.

The Management of the Company is pleased to present this report covering the activities of the Company during the year ended on 31st March 2012.

Year 2012, was a year of hope when it was perceived that the slowdown in global conditions would to a large extent be arrested and the Indian economy would rebound to register a GDP growth of about 8%.

The perception of recovery was short lived and the economy showed signs of deceleration with the GDP growth rate plummeting northwards, the Indian real estate sector hitherto a growth driver faces its own share of concerns. Real estate developers are reeling under high debt, stringent regulatory constraints and FDI inflows petering out. The recent increase in home loan interest rates is expected to dampen the sales even further. Amidst these macroeconomic conditions, Indian real estate asset classes across the prime cities of India have seen mixed sentiments.

I. Industry structure and development:

The realty sector can be broadly divided into residential and commercial.

Commercial Real Estate

Several establishments are looking to pre-lease office space to take advantage of the favorable commercial terms currently being offered by commercial office space developers. Demand is expected to remain stable. However, the office space supply is expected to outweigh demand in most prime cities of India. Corporate expansions are likely to decrease due to the uncertainties in the global economic situation, which will have an impact on business budgets for next year.

Retail Real Estate

Enquiries for quality retail space are likely to remain robust as major Indian retailers are seeking to implement their expansion plans in the prime cities as well as select Tier II and Tier III cities. Foreign Direct Investment in multi brand real estate, when finally permitted, is expected to catalyze a lot of demand from international retailers. That said, international luxury brands will restrict their growth plans to Mumbai, Delhi and Bangalore.

Residential Real Estate

Because of the prevailing situation on the global market and the uncertainty of further interest rate hikes by the Reserve Bank of India in the early part of 2012, sentiments on the residential market will remain cautious over the short term. The absorption rate

- meaning the ratio of sales over inventory in the market
- is likely to be low, and the incidence of new launches will decline. Rise in capital values will be marginal because of low sales.

II. Opportunities and Threats

The Marathon Group has been in the Realty sector for over four decades. The group has successfully completed several 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 internal restructuring of its operations and has taken in its stride the slowdown and has emerged better off.

The strengths of the Company and the group have been to identify pockets of land which has high growth potential. Over the years this has helped the Company to create long term cash reserves and generate wealth for its shareholders. Further with over four decades of experience in the sector, it would be able to weather its current slowdown.

Spiraling land prices and the major inputs costs across the spectrum undermines the quantum growth of the overall industry. The tight money conditions prevailing in the industry and the Reserve Bank of India tightening regulatory norms is a major constraint faced by the sector. Higher financing charges are not only detrimental to the sector but are also a deterrent to the purchasing power of the prospective buyer. The sector suffers from a plethora of taxes and duties levied on it with no set offs available. In the current scenario this proves to be counter productive. The Union Budget levies of Service Tax and the Govt. of Maharashtra's levy of VAT on sale of property is only adding to the problems.

The Government is in the process of introducing a comprehensive regulatory mechanism which is believed to regulate the realty sector in future. This would be an additional bottleneck in the chain of problems the sector is facing. The sector was hoping that in the Budget of 2012 the Finance Minister would accord an Industry status to the sector. This has been shelved. An industry status would have helped the sector to generate long term low cost funding.

The dictate of the Reserve Bank of India to the Banking Community to make additional provisioning on CRE advances is going to make funding to the sector even more difficult. It is hoped that this provisions is restricted on a case to case basis rather than being applied across the board. The easing of the norms relating to foreign direct investments would infuse much required liquidity in the sector. Hopefully the RBI would pay heed to the needs of this sector.

The global financial crisis has altered the landscape for real estate finance in India. "Return maximization" is no longer the fundamental investment strategy. Post the emergence of "risk-minimization" as a focus area, investment structure has drifted from unsecured equity deals towards debt deals. Furthermore, developers are scouting for fresh sources of financing to mitigate the liquidity crunch faced by them. This has accelerated the process of institutionalization in Indian Real Estate sector due to developers' prompt willingness to leverage opportunities available in the financial market instruments like IPOs and QIPs.

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.

III. Segment-wise or product-wise performance

- i. The Company's focus is on the residential and commercial segments.
- ii. The Company is of the opinion that with its present core competencies it has a significant role to play in this area.
- iii. To this end the Company has entered into joint ventures which include:
 - a. The development of a commercial complex with a group company.
 - b. Development of properties in South Mumbai and the Western Suburbs.

V. 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.

VI. 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 customers' 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.

VII. 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 audit 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.

VIII. Discussion on financial performance with respect to operational performance

(in ₹)

Financial Year	2011-12	2010-11
Income	10,620.30	12,904.00
EBIDT	9,733.49	11,744.00
Interest	907.89	831.17
Depreciation	41.71	45.20
Profit/ (Loss) before tax	8,783.89	10,867.50
Profit/ (Loss) after tax	7,102.51	8,794.86

IX. 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.

X. 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.

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being effectively and efficiently managed. Our inherent desire to improve and innovate brings out good governance practices, which reflect and redefine the Marathon culture at every point of time that 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 and v) transparency and timely disclosure.

The demands of corporate governance require professionals to raise their competency and capability levels to meet the expectations in managing the Company and its resources with the highest standards of ethics.

The Marathon Group in general and Marathon Nextgen Realty Limited in particular is committed to the adherence of all compliances in its true spirit, at all times and the adoption of the best practices conducive to maintaining good governance..

Keeping in view of the above philosophy, the Company has been striving continuously for maintaining excellence through adoption of good governance and disclosure practices.

Code of Conduct:

The Board of Directors has adopted a Code of Conduct for Directors and Senior Management of the Company. An annual affirmation of compliance with the code of conduct is taken from all the Directors and the Senior Management members of the Company to whom the code applies. The Code has also been posted at the website of the Company www.marathonnextgenrealty.com. CEO's affirmation that the code of conduct has been complied with by the Board of Directors and the Senior Management is given at the end of this report.

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:

- i. Proper composition of the Board of Directors
- ii. Timely dissemination of material information to the shareholders concerning their interests
- iii. Transparency and accountability
- iv. Adequate internal control measures and
- v. 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	Wholetime 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 are 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.

REPORT ON CORPORATE GOVERNANCE 2011-12

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

Four Board Meetings were held during the Financial Year ended 31st March 2012 on the following dates:

30-5-2011; 11-08-2011; 11-11-2011; 07-02-2012

(iii) 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:

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	00135296	Promoter-Executive		4	Yes	35	NIL	NIL
Mr. Mayur R. Shah Vice Chairman & Director	00135504	Promoter-Executive		4	Yes	36	NIL	NIL
Mr. S. Ramamurthi Wholetime Director	00135602	Executive-WTD		4	Yes	1	NIL	NIL
Mr. V. Nagarajan	00135714	Non-Executive	Independent	4	Yes	1	NIL	NIL
Mr. V. Ranganathan	00269682	Non-Executive	Independent	4	No	-	NIL	NIL
Mr. Padmanabha Shetty	00433761	Non-Executive	Independent	4	Yes	3	NIL	-

NO. OF SHARES HELD BY NON-EXECUTIVE DIRECTORS AS ON 31ST MARCH 2012:

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

4. AUDIT COMMITTEE:

During the Year ended March 31, 2012 four Audit Committee Meetings were held on the following dates:

30th May, 2011; 11th August, 2011; 11th November, 2011 and 07th February, 2012

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

Name	Designation	Executive / Non-Executive / Independent	Committee Meeting attended
Mr. V. Nagarajan	Chairman	Independent	4
Mr. Padmanabha Shetty	Member	Independent	4
Mr. Chetan R. Shah	Member	Executive - CMD	4

The Audit Committee during the year ended 31st March 2012 reviewed:

- (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 Wholetime 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 Wholetime Director of the Company.

The meeting of the Remuneration Committee was held on the 30th May, 2012 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, 2012 are given below:

(in ₹)

Name of Director	Salary	Perquisites	Others	Sitting Fees	Total
Mr. Chetan R. Shah	52,472	-	-	-	1,24,00,000
Mr. S. Ramamurthi	Nil	Nil	Nil	Nil	Nil
Mr. Mayur R Shah	Nil	Nil	Nil	40,000	40,000
Mr. V Ranganathan	Nil	Nil	Nil	46,000	46,000
Mr. V. Nagarajan	Nil	Nil	Nil	58,000	58,000
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
- issue of duplicate share certificates
- review of shares dematerialized and all other matters
- monitoring and expeditious redressal of investors' grievances

* all other matters related to shares.

During the Financial Year ended 31st March 2012: -5- complaints were received by the Registrars. All requests/complaints were attended to promptly and resolved to the satisfaction of the shareholders.

Year	Location	Date	Time	Special Resolution	Postal Ballot
2008 - 09	Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai 400 018.	24.09.2009	3.30 p.m.	1 (one)	NIL
2009 - 10	Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai 400 018.	29.09.2010	11.30 a.m.	1 (one)	NIL
2010 - 11	Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai 400 018.	20.09.2011	12.30 p.m.	2 (Two)	NIL

DISCLOSURES:

(I) 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 2012 which are prejudicial to the interest of the Company and its shareholders.

Transaction with related parties is discussed in Note No. 28 in Notes to the accounts in the Annual Report.

(II) 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.

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.

GENERAL SHAREHOLDERS INFORMATION:

- Annual General Meeting : 35th Annual General Meeting
- Date and Time : 28th September, 2012 at 11:30 am
- Venue : Nehru Planetarium, Nehru Centre, Basement Hall, Worli, Mumbai - 400 018
- Financial Year : 1st April 2011 to 31st March 2012
- Date of Book Closure : 20th September, 2012 to 28th September, 2012
- Listing on Stock Exchanges : The Bombay Stock Exchange Limited
- (a) Stock Code : 503101
- (b) ISIN in NSDL & CDSL : INE182D01012

REPORT ON CORPORATE GOVERNANCE 2011-12

STOCK PRICE DATA:

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

MONTHS (Years 2011 -2012)	HIGH (₹)	LOW (₹)	SENSEX		
			HIGH	LOW	CLOSE
April	207.95	175.00	19811.14	18976.19	19135.96
May	193.50	147.25	19253.87	17786.13	18503.28
June	179.80	150.00	18873.39	17314.38	18845.87
July	189.40	150.00	19131.87	18131.86	18197.20
August	160.05	110.00	18440.07	15765.53	16676.75
September	294.80	141.00	17211.80	15801.01	16453.76
October	208.95	161.00	17908.13	15745.43	17705.01
November	182.15	141.00	17702.26	15478.69	16123.46
December	162.00	126.60	17003.71	15135.86	15454.92
January	188.00	141.45	17258.97	15358.02	17193.55
February	198.50	165.30	18523.78	17061.55	17752.88
March	178.50	147.30	18040.69	16920.61	17404.20

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

Share Transfer System :

Share transfers are registered and duly transferred share certificates are returned to the lodger within a period of fifteen 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 31st March, 2012:

Category (Shares)	No. of Shareholders	Percentage (%)	No. of Shares of ₹10/- each	Percentage (%)
1 – 500	4589	92.52	3,70,893	1.96
501 – 1000	167	3.37	1,19,830	0.63
1001 – 2000	91	1.83	1,31,436	0.69
2001 – 3000	29	0.58	70,679	0.37
3001 – 4000	12	0.24	41,643	0.22
4001 – 5000	24	0.48	108,085	0.57
5001 – 10000	20	0.40	1,41,675	0.75
Above 10000	28	0.56	179,73,989	94.81
Total	4960	100.00	189,58,230	100.00

REPORT ON CORPORATE GOVERNANCE 2011-12

Dematerialization of Shares and Liquidity:

The status of Dematerialized/ Physical shares of the Company as on 31st March, 2012 is as under:

Categories	Physical	Demat	Total	% in Physical	% in Demat
Promoter group, including Directors, relatives & bodies corporate	-	1,68,99,812	1,68,99,812	-	89.14
Public shareholding					
MF/FIs/Banks	1,478	510	1,988	-	-
Resi-Individuals	1,23,743	15,87,763	17,11,506	0.65	8.38
NRIs	-	1,16,079	1,16,079	-	0.61
Bodies Corporate	64,542	1,61,083	2,25,625	0.34	0.85
Clearing members	-	530	530	-	-
Trusts	-	2,690	2,690	-	0.02
Total	1,89,763	1,87,68,467	1,89,58,230	0.99	99.01

Categories of Shareholders as on 31st March, 2012:

Sr. No.	Categories	No. of Shareholders	No. of Shares	Voting Strength (%)
1	Promoters & Promoters Group	7	1,68,99,812	89.14
2	Public Shareholdings:			
i	MF/FIs/Banks	8	1,988	0.01
ii	Resident Individuals	4,780	17,11,506	9.03
iii	NRIs	36	1,16,079	0.61
iv	Indian Bodies Corporates	120	2,25,625	1.19
v	Clearing members	6	530	-
vi	Trusts	3	2,690	0.02
	Total	4,960	1,89,58,230	100

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 67728474

Registered Office :

Marathon Nextgen Realty Limited
Marathon Futurex,
N.M. Joshi Marg,
Lower Parel (West), Mumbai 400013.
Tel.: 022 24925869/ 24963547 Fax: 022 2496 3560
Website: marathonnnextgenrealty.com

Registrar and Share Transfer Agents:

Adroit Corporate Services Private Limited
19/20 Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka, Andheri (East), 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, 2011	18-07-2011
30th September, 2011	18-10-2011
31st December, 2011	20-01-2012
31st March, 2012	19-04-2012

To:

The Members of Marathon Nextgen Realty Ltd.

Sub: Declaration by the Managing Director under clause 49 D(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, 2012.

Mumbai

Date: 30th May, 2012

Chetan R. Shah

Managing Director

Certificate on Compliance from the Practicing Company Secretary

Certificate of the Practicing Company Secretary has been obtained on the compliance of conditions of the Corporate Governance in reference to Clause 49 of the Listing agreement and the same is annexed.

For and on behalf of the Board of Directors

Mumbai

Date: 30th May, 2012

Chetan R. Shah

Managing Director

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 31st March, 2012 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 ensuing 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, 2012

AUDITOR'S 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, 2012 and also the Statement of Profit and Loss 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, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the balance sheet, the statement of profit and loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. *The Company has sent letters requesting for confirmation of balances of trade receivables & trade payables. However, in absence of responses to these letters, we are unable to comment upon consequential adjustments, if any, in this regard.*
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to paragraph vi above, 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, 2012;
 - b) in the case of the statement of profit and loss, 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, 2012

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 31st March, 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, all fixed assets have been physically verified by the management during the year. We are informed no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (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 have to be physically verified by the management during the year. In our opinion, the frequency of verification has to be made reasonable.
- (b) The procedures of physical verification of inventory 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 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.
- (iii) (a) The Company has granted unsecured loan to four Companies, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹3,37,21,37,752 and the year-end balance of the loan granted to the said party was ₹3,30,52,59,871.
- (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, prima facie, not prejudicial to the interest of the Company.
- (c) The loans granted are repayable on demand. As informed, the Company has not demanded repayment of any such loan and interest during the year, thus, there has been no default on the part of the parties to whom the money has been lend. The payment of interest has been regular.
- (d) As the Company has not demanded repayment of such loan and interest, there is no overdue amount more than rupees one lakh for the respective amounts.
- (e) As informed, during the year the Company has not taken any loan, secured or unsecured from companies, firm, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the provisions of sub clauses (f) and (g) of clause 4(iii) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, *the existing internal control procedures are required to be adequate with the size of the Company and 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 clubhouse operated by the Company, the internal control procedures 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) In our opinion and according to the information and explanations given to us, 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. In view of the above the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (vii) *According to the information and explanations given to us, the Company does have an internal audit system commensurate with the size and nature of its business, which needs to be considerably strengthened.*

AUDITOR'S REPORT

- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records required to be made and maintained.
- (ix)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues which were outstanding, as at 31st March 2012, for a period of more than six months from the date they became payable are as follows:

Sr. No.	Nature of the Statute	Nature of the Dues	Amount (₹)	Period to which Amount relates	Due Dates	Date of Payment
1	Service Tax	Service Tax	5,066	2008 - 09	31st March, 2009	-
2	Income Tax Act, 1961	Self assessment tax	9,86,24,603	2009 - 10	31st March, 2010	-
		Self assessment tax	1,32,92,607	2010 - 11	31st March, 2011	-
		Advance income tax	4,54,67,440	2011 - 12	31st March, 2012	-
3	Maharashtra Labour Welfare Fund	MLWF	15,096	2006 - 11	Various dates of respective year	-

- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise 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 statute	Nature of Dues	Amount (Rs.)	Period to which Amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	1,29,15,423	1990-91 through 1995-96, 1998-99	Central Excise & Service Tax Appellate Tribunal (CESTAT)
		63,42,042	1990-91, 1991-92, 1992-93 1994-95	Commissioner of Central Excise (Appeals)
		52,99,705	1977-78, 1983-84, 1990-91, through 1992-93, 1994-95, through 1997-98	Deputy Commissioner of Central Excise (Appeals)

- (x) The company does not have any accumulated losses at the end of the financial year and it has not incurred cash losses in the current 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 and bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

AUDITOR'S REPORT

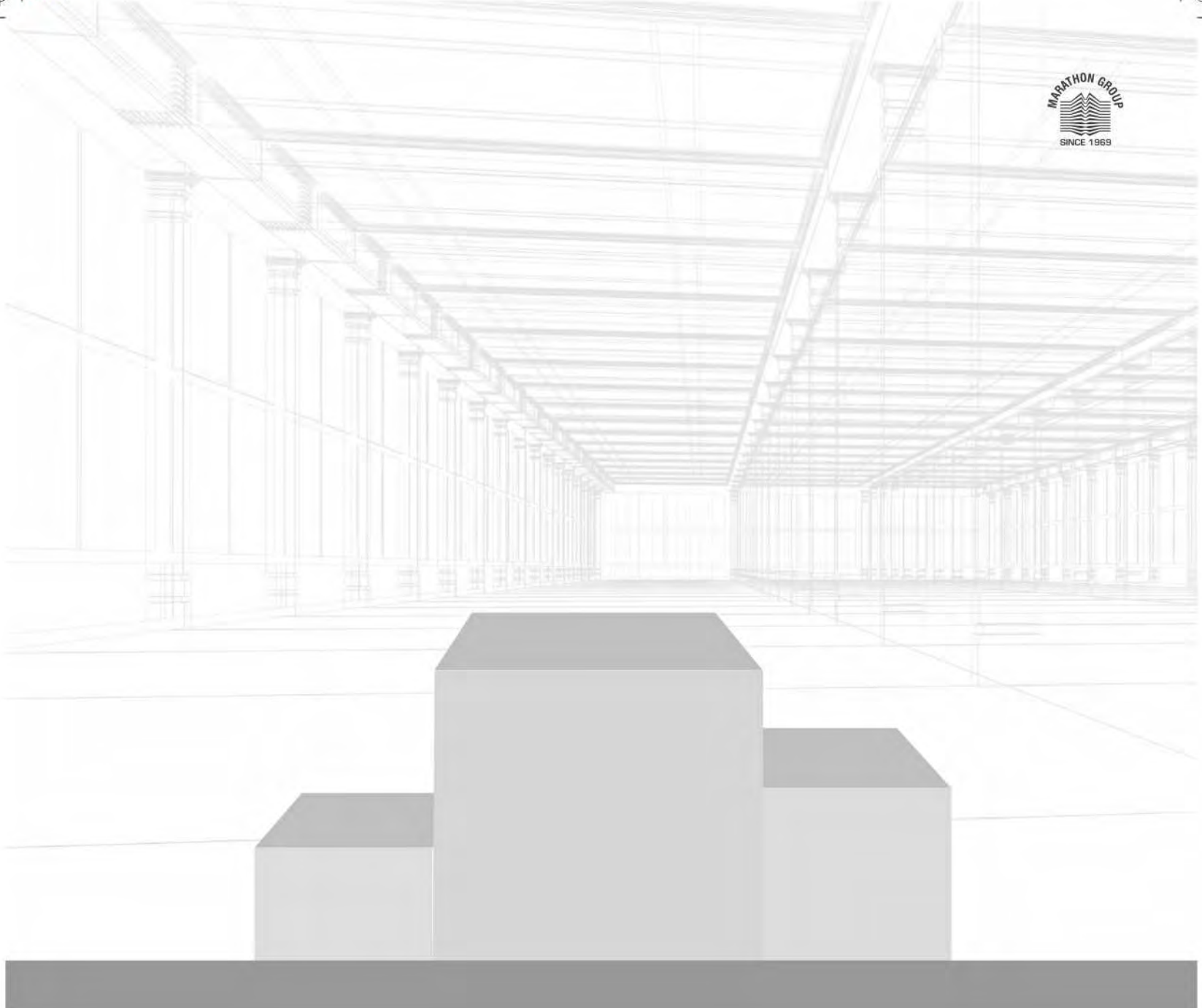
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/ trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanation given to us, generally the company did not deal or trade in it. However on short term basis, surplus funds were invested in mutual funds for which proper records of the transactions 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.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, were not prejudicial to the interest of the company. However, no guarantee exists as on 31st March, 2012.
- (xvi) According to the information and explanation given to us, the term loans have been applied for the purpose for which the 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, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year (except to the extent of amounts remaining uncollected by the respective debenture holders) the question of creating security, in respect of debentures, does not arise.
- (xxx) The Company has not raised 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, 2012



Results

MARATHON NEXTGEN REALTY LTD.
BALANCE SHEET AS ON MARCH 31, 2012

(in ₹)

PARTICULARS	NOTE NO.	AS AT 31 MARCH 2012	AS AT 31 MARCH 2012
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a. Share capital	2	192,082,300	192,082,300
b. Reserves and surplus	3	4,324,273,932	3,702,332,494
		4,516,356,232	3,894,414,794
2. Non-current liabilities			
a. Long-term borrowings	4	439,571	363,536,396
b. Deferred tax liabilities (Net)	5	1,528,028	197,825
c. Other Long term liabilities	6	67,378,428	539,469,595
d. Long-term provisions	7	110,449,149	104,827,617
		179,795,176	365,789,877
3. Current liabilities			
a. Short-term borrowings	8	309,922,437	486,332,978
b. Trade Payables	9	11,886,092	13,592,947
c. Other current liabilities	10	162,788,790	166,694,167
d. Short-term provisions	11	214,488,302	203,570,399
		699,085,621	870,190,491
TOTAL		5,395,237,029	5,138,851,712
ASSETS			
1. Non-current assets			
a. Fixed assets			
Tangible assets	12	84,558,510	89,827,849
b. Non-current investments	13	1,259,294,744	1,260,999,497
c. Long-term loans and advances	14	50,839,875	50,469,875
		1,394,693,130	1,401,297,221
2. Current assets			
a. Current investments	15	-	110,785,847
b. Inventories	16	527,208,054	626,124,067
c. Trade receivables	17	35,500,910	40,879,217
d. Cash and Bank Balances	18	126,885,229	147,434,731
e. Short-term loans and advances	19	3,310,676,840	2,803,624,563
f. Other Current Assets	20	272,866	249,516
		4,000,543,900	3,729,097,941
TOTAL		5,395,237,029	5,130,395,162
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 34		

As per our report of even date

For HARIBHAKTI & CO.
Chartered Accountants

Chetan Desai
Partner
Membership No. 17000

Place: Mumbai
Date: 30th May, 2012

For and on behalf of the Board of Directors

CHETAN R. SHAH
Chairman & Mg. Director

S. RAMAMURTHI
Wholetime Director

MAYUR R. SHAH
Vice Chairman

V. NAGARAJAN
Director

K. S. RAGHAVAN
Company Secretary

MARATHON NEXTGEN REALTY LTD.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(in ₹)

PARTICULARS	NOTE NO.	2011-12	2010-11
I. Revenue from Operations	20	819,190,569	971,885,438
II. Other Income	21	340,338,900	427,937,468
III. Total Revenue (I + II)		1,159,529,469	1,399,822,906
IV. Expenses:			
Property Development Expenses	22	9,431,711	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	97,499,348	109,424,148
Employee benefits expense	24	40,528,078	35,226,935
Finance costs	25	90,789,401	88,722,078
Depreciation	10	4,171,032	4,018,585
Other expenses	26	38,720,638	81,325,859
TOTAL		281,140,253	318,717,604
V. Profit before tax (III - IV)		878,389,216	1,081,105,302
VI. Tax Expense:			
1. Current tax (MAT)		178,000,000	230,000,000
2. Deffered tax		1,330,203	2,248,296
3. Short / (Excess) Provision of earlier year written back		(11,191,674)	(30,629,345)
VII. Profit (Loss) for the year (V - VI)		710,250,687	879,486,351
VIII. Earnings per equity share of face value of ₹10 each			
Basic & Diluted (in ₹)	29	37.45	46.38
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 34		

As per our report of even date

For HARIBHAKTI & CO.
Chartered Accountants

Chetan Desai
Partner
Membership No. 17000

Place: Mumbai
Date: 30th May, 2012

For and on behalf of the Board of Directors

CHETAN R. SHAH
Chairman &
Managing Director

S. RAMAMURTHI
Wholetime Director

K. S. RAGHAVAN
Company Secretary

MAYUR R. SHAH
Vice Chairman

V. NAGARAJAN
Director

MARATHON NEXTGEN REALTY LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(in ₹)

PARTICULARS	2011-12	2010-11
[A] CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per statement of profit and loss	878,389,216	1,081,105,302
ADJUSTMENTS FOR:		
Depreciation	4,171,032	4,018,585
Depreciation on Investment Property	(226,687)	503,787
Finance Cost	90,789,401	83,116,956
Interest Income	(322,393,939)	(382,771,909)
Misc Balances Written back	(4,098,914)	(20,931,209)
Income from Dividend	(28,458)	(25,110)
Profit on Sale of Mutual Funds	(5,856,821)	(2,211,721)
Investment Written off	-	14,751,794
Increase in Cost of Sales (Transfer from Fixed Assets)	3,348,104	9,987,758
Loss on Disposal of Assets	752,251	105,180
Provision for Employee Benefits	206,456	131,322
	(233,337,575)	(293,324,567)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	645,051,641	787,780,735
ADJUSTMENTS FOR:		
Trade and Other Receivables	(502,067,320)	281,564,741
Inventories	98,916,013	109,424,148
Trade Payables and other payables	(11,495,953)	76,246,321
	(414,647,261)	467,235,210
Cash Generated from Operations	230,404,380	1,255,015,945
Direct Taxes Paid	(253,885,243)	(470,729,962)
	(253,885,243)	(470,729,962)
NET CASH FLOW FROM OPERATING ACTIVITIES	(23,480,863)	784,285,983
[B] CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9500)	(11,072,565)
Sales of Fixed Assets	355,556	62,222
Purchase of Investments	(1,416,665)	-
Purchase of 11% redeemable preference shares	-	(1,250,262,000)
Purchase of UTI Mutual Fund	(285,000,000)	(750,000,000)
Sales of UTI Mutual Fund	401,642,668	642,222,416
Interest Received	322,393,939	382,771,909
Income from Dividend	28,458	25,110
Investments in Fixed Deposits	1,589,130	(12,120,278)
NET CASH FLOW FROM INVESTING ACTIVITIES	439,583,586	(998,373,186)

MARATHON NEXTGEN REALTY LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(in ₹)

PARTICULARS	2011-12	2010-11
[C] CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term borrowings	-	302,833,648
Repayment of Long Term borrowings	(177,342,268)	-
Repayment of Short Term borrowings	(176,410,541)	-
Interest on Term Loans	(90,789,401)	(83,116,956)
Dividend Paid	9,479,115	41,076,165
NET CASH FLOW FROM FINANCING ACTIVITIES	(435,063,095)	260,792,858
Net increase in cash and cash equivalents	(18,960,373)	46,705,654
Cash and cash equivalents as at 31.03.11	103,809,951	57,104,297
Cash and cash equivalents as at 31.03.12	84,849,579	103,809,951
Note: Cash and cash equivalents includes:		
Cash in hand	-	7,782
Balances with scheduled banks:		
- In Current Accounts	84,141,879	103,348,753
- In Unpaid Dividend Accounts	707,700	453,416
	-	-
	84,849,579	103,809,951

As per our report of even date

For HARIBHAKTI & CO.
Chartered Accountants

Chetan Desai
Partner
Membership No. 17000

Place: Mumbai
Date: 30th May, 2012

For and on behalf of the Board of Directors

CHETAN R. SHAH
Chairman &
Managing Director

S. RAMAMURTHI
Whole Time Director

K. S. RAGHAVAN
Company Secretary

MAYUR R. SHAH
Vice Chairman

V. NAGARAJAN
Director

Note 1 Significant Accounting Policies**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;

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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.

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. Leases

Assets leased out under operating lease are capitalized. Rental income is recognized on accrual basis over the lease term.

xii. 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.

Note 2 Share Capital

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Authorised:		
49,750,000 (P Y 49,750,000) Equity Shares of ₹10 each	497,500,000	497,500,000
25,000 (P Y 25,000) 6% Non Convertible Redeemable Cumulative Preference Shares of ₹100 each	2500,000	2,500,000
Total	500,000,000	500,000,000
Issued, Subscribed & fully Paid up:		
18,958,230 (P Y 18,958,230) Equity Shares of ₹10 each	189,582,300	189,582,300
25,000 (P Y 25,000) 6% Non Convertible Redeemable Cumulative Preference Shares of ₹100 each	2500,000	2,500,000
Total	192,082,300	192,082,300

Note:

i. Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. All shares rank parri passu with regard to dividend.

Board of Director's have recommended a dividend of ₹ 4 (P.Y.₹3.5) per equity share 40 % (P.Y.35%) of Face value of equity share of ₹10 each.

ii. Terms/rights attached to 6% Non Convertible Cumulative Redeemable Preference Shares:

The Company has only one class of preference shares having par value of ₹100 each Preference Shares are Redeemable on or before August 22, 2013. The Preference Share holders do not have any voting rights

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

a. Reconciliation of Shares outstanding at the beginning and at the end of the reporting period

(in ₹)

PARTICULARS	EQUITY SHARES			
	AS AT 31 MARCH 2012		AS AT 31 MARCH 2011	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	18,958,230	189,582,300	18,958,230	189,582,300
Shares outstanding at the end of the year	18,958,230	189,582,300	18,958,230	189,582,300

PARTICULARS	PREFERENCE SHARES			
	AS ON 31 MARCH 2012		AS ON 31 MARCH 2011	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	25,000	2,500,000	25,000	2,500,000
Shares outstanding at the end of the year	25,000	2,500,000	25,000	2,500,000

b. Out of Equity and Preference shares issued by the Company, shares held by its holding company are as below:

PARTICULARS	AS ON 31 MARCH 2012	AS ON 31 MARCH 2011
Ithaca Informatics Pvt. Ltd. Holding Company	₹	₹
Equity Shares	14,246,178	14,252,445
Preference Shares	25,000	25,000

c. Details of shareholders holding more than 5% shares in the Company

(in ₹)

NAME OF SHAREHOLDER	AS AT 31 MARCH 2012		AS AT 31 MARCH 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Ithaca Informatics Pvt. Ltd. - Holding Company				
Equity Shares	14,246,178	75.15	14,252,445	75.18
Preference Shares	25,000	100.00	25,000	100.00

d. Aggregate number of bonus shares issued for the last five Financial Years

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Equity Shares		
Alloted as fully paid up by way of bonus shares by capitalising General Reserve	14,745,290	14,745,290

Note: There were no bonus shares issued in between the financial year ended 2006-07, 2008-2009 & 2009-2010.

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 3 Reserves and Surplus

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Capital Redemption Reserve		
Balance as per last Balance Sheet	2,500,000	-
Add: Transferred from statement of profit and loss	-	2,500,000
Closing Balance	2,500,000	2,500,000
General Reserve		
Balance as per last Balance Sheet	2,500,000,000	2,006,198,421
Add: Transferred from statement of profit and loss	450,000,000	556,995,679
Less: Transferred to Equity Share Capital for issue of Bonus Shares	-	63,194,100
Closing Balance	2,950,000,000	2,500,000,000
Surplus		
Balance as per last Balance Sheet	1,199,832,494	957,134,207
Add: Profit for the year	710,250,687	879,486,351
Less: Appropriations		
Proposed Dividends on Equity Shares [Dividend per Share `4/- (Previous year ₹3.5)]	75,832,920	66,353,805
Proposed Dividends on Preference Shares [Dividend per Share `6/- (Previous year ₹6/-)]	150,000	150,000
Tax on Dividend	12,326,329	10,788,580
Transferred to Capital Redemption Reserve	-	2,500,000
Transfer to General Reserves	450,000,000	556,995,679
Closing Balance	1,371,773,932	1,199,832,494
Total	4,324,273,932	3,702,322,494

Note 4 Long Term Borrowings

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Term loans (Secured)		
From Banks	-	218,679,609
From other Parties	439,571	2,615,231
Total	439,571	221,294,840

- Lease Rent discounting finance from Kotak Mahindra Bank Ltd is secured by creating mortgage on the Unit No.601 & Unit No.602 having saleable area aggregating to 8263 sqft in the building known as Marathon Innova, Lower Parel, Mumbai. The said loan sanctioned on February 28, 2008 is payable in 60 EMI at a floating rate of 19.75% as on March 31, 2012. The period of maturity w.r.t. balance sheet date is within 1 year.
- Car loan from Kotak Mahindra Prime Ltd is secured by hypothecation of the respective car. The said loan is sanctioned on June 16, 2010 is payable in 36 EMI at a rate of 7.70%. The period of maturity w.r.t. balance sheet date is within 1 year 2 months.

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 5 Deferred Tax Liabilities (Net)

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Deferred Tax Liability		
Differences between book WDV and WDV as per IT Act, 1961	3,319,928	1,695,778
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961		
Gratuity Payable	1,255,551	1,080,921
Leave Salary Payable	344,702	146,616
Bonus Payable	191,647	270,416
	1,791,900	1,497,953
Total	1,528,028	197,825

Note 6 Other Long Term Liabilities

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Others:		
Rent, Rates & Taxes	1,137,260	1,023,011
Society Dues (Net)#	66,241,168	38,446,584
Total	67,378,428	39,469,595

Society dues is netted off fixed deposit and interest accrued on fixed deposit of - ₹ 1,28,46,449 (P.Y. ₹ 78,46,449)

Note 7 Long Term Provisions

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Provision for employee benefits:		
Gratuity (unfunded)	3,482,805	2,998,395
Leave Encashment (unfunded)	796,814	338,918
Other provisions:		
Income Tax Payable (net of taxes paid)*	106,169,530	101,490,304
Total	110,446,149	104,827,617

* Netted off advance tax of ₹59,29,94,159 (P.Y. ₹ 44,56,80,780)

Disclosure as required by the Accounting Standard-15 "Employee Benefit" are given below:

a. Defined contributions Plan

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Employers contribution to Provident Fund	1,419,643	1,045,386

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

b. Defined Benefit Plan

Reconciliation of opening and closing balances of Defined Benefit Obligations.

i. Actuarial Assumptions

(in ₹)

PARTICULARS	2011-2012		2010-2011	
	Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
Mortality table	LIC 1994-96 Ultimate Projected Unit	LIC 1994-96 Ultimate Projected Unit	LIC 1994-96 Ultimate Projected Unit	LIC 1994-96 Ultimate Projected Unit
Method	Credit Method	Credit Method	Credit Method	Credit Method
Retirement Age	58 yrs	58 yrs	60 yrs	60 yrs
Expected Return on Plan Assets	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	10% to 2% p.a. related on graduated scale	10% to 2% p.a. related on graduated scale
Discount Rate per annum	8%	8%	8%	8%
Rate of increase in compensation levels	7%	7%	7%	7%

ii. Changes in the Present Value of the Obligations and in the Fair Value of the Assets

(in ₹)

PARTICULARS	2011-2012		2010-2011	
	Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
Defined benefit obligation at the beginning of the year	3,331,550	451,890	3,168,081	484,037
Current Service Cost	582,796	837,366	636,060	211,837
Interest Cost	266,524	36,151	253,446	38,723
Actuarial (Gain) / Loss	(268,147)	(258,544)	(726,037)	217,995
Benefit paid / accrued	(42,940)	(4,444)	-	(500,702)
Define benefit at year end	3,869,783	1,062,419	3,331,550	451,890
Fair Value of Plan Assets as on 1/04/2011	Nil	Nil	Nil	Nil
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Contributions	Nil	4,444	Nil	500,702
Benefits Paid	Nil	(4,444)	Nil	(500,702)
Actuarial Gain (Loss) Plan Assets	Nil	Nil	Nil	Nil
Fair Value of Plan Assets as on 31-03-2012	Nil	Nil	Nil	Nil
Total Actuarial (Gain)/loss to be recognized	(268,147)	(258,444)	(726,037)	217,995

iii. Profit & Loss Expenses

Current Service Cost	582,796	837,366	636,060	211,837
Interest Cost	266,524	36,151	253,446	38,723
Actuarial (gain) /loss	(268,147)	(258,544)	(726,037)	217,995
CHARGED TO STATEMENT OF PROFIT & LOSS ACCOUNT	581,173	614,973	163,469	468,555

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

iv. Balance sheet Recognition

Present Value of Obligation	3,869,783	1,062,619	3,331,550	451,890
Fair Value of Plan Assets	Nil	Nil	Nil	Nil
Liability (assets)	3,869,783	1,062,619	3,331,550	451,890
Unrecognized Past Service Cost	Nil	Nil	Nil	Nil
Liability (asset) recognized in Balance sheet	3,869,783	1,062,419	3,331,550	451,890

v. Movement in the net Liability recognized in the Balance Sheet

Opening net Liability	3,331,550	451,890	31,68,081	4,84,037
Expenses	581,173	614,973	1,63,469	4,68,555
Contribution	(42,940)	(4,444)	Nil	(5,00,702)
Closing Net Liability	3,869,783	1,062,419	33,31,550	4,51,890

The above information is based on the Certificate provided by the Certified Actuary.

Note 8 Short Term Borrowings

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Loan repayable on demand (secured)		
From other Parties		
Working Capital Demand Loan	309,922,437	486,332,978
Total	309,922,437	486,332,978

- a. Working Capital Demand loan from Kotak Mahindra Prime Ltd is secured by creating mortgage on the 9th & 10th Floor of the building known as Marathon Innova, Lower Parel, Mumbai and further counter guaranteed by the promotor directors. The said loan sanctioned on May 4, 2010 is payable in 25 EMI at a floating rate of 19.75% as on March 31, 2012 from 12th to 36 Months or 60% inflow from sale of property to be adjusted towards repayment. The period of maturity w.r.t. balance sheet date is within 1 year.

Note 9 Trade Payables

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
(Subject to confirmation)		
Micro, Small and Medium Enterprises*	-	-
Others	11,886,092	13,592,947
Total	11,886,092	13,592,947

* 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.

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 10 Other Current Liabilities

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Current maturities of long-term debt [Refer Note 4]	53,174,388	9,661,387
Unpaid dividends*	629,915	453,416
Unclaimed Debentures*	189,575	740,085
Unclaimed VRS	1,040,231	1,040,231
Other payables:		
Advance from Customers	70,614,473	102,811,053
Bonus Payable	590,684	833,459
Directors Commission Payable	4,975,200	4,975,200
Statutory Dues Payable	3,686,046	8,494,057
Other Payables	27,888,277	37,685,278
Total	162,788,790	166,694,167

*These figures do not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

Note 11 Short Term Provision

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Provision for employee benefits [Refer Note 7]		
Gratuity (unfunded)	386,978	333,155
Leave Encashment (unfunded)	265,605	112,972
Other Provisions:		
Provision for Income Tax (net)*	125,483,201	125,792,607
Provision for Wealth Tax	43,269	39,280
Proposed Dividend	75,982,920	66,503,805
Tax on Dividend	12,326,329	10,788,580
Total	214,488,302	203,570,399

* Netted off advance tax of ₹ 5,25,16,799 (P.Y. ₹ 10,98,12,515)

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 12 Fixed Assets

(in ₹)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS AT 01-04-2011	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31-03-2012	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENTS	UPTO 31-03-2012	AS AT 31-03-2012	AS AT 31-03-2011
Tangible Assets									
Own Assets:									
Freehold Land	257,648	-	-	257,648	-	-	-	257,648	257,648
Buildings	69,678,287	-	-	69,678,287	1,135,755	-	3469,490	66,208,797	67,344,552
Plant and Equipment	37,146,000	-	-	37,146,000	271,206	-	31,848,333	5,297,667	5,568,873
Furniture and Fixture	4,375,395	-	-	4,375,395	342,421	-	3,247,860	1,127,535	1,469,956
Office equipment	5,558,454	9,500	-	5,567,954	1,039,808	-	3,353,691	2,214,263	3,244,571
Vehicles	14,162,124	-	(2,527,551)	11,634,573	1,311,942	(1,419,744)	2,269,020	9,365,553	11,785,302
Computer	656,660	-	-	656,660	69,900	-	569,612	87,048	156,948
Total	131,834,567	9,500	(2,527,551)	129,316,516	4,171,032	(1,419,744)	44,758,006	84,558,510	89,827,849
Previous Year	121,166,743		(404,741)	131,834,567	4,018,585	(237,339)	42,006,718	89,827,849	-

Note: There are no additions/deletions through business combinations during the year/previous years. There is no impairment of fixed assets during the year/previous year

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 13 Non-Current Investments

PARTICULARS	AS AT 31 st MARCH 2012 QUANTITY (Nos.)	AS AT 31 st MARCH 2011 QUANTITY (Nos.)	FACE VALUE (in ₹)	AS AT 31 st MARCH 2012 (₹ Lacs)	AS AT 31 st MARCH 2011 (₹ Lacs)
Non Current Investments					
(A) Investment Properties					
Land				25,467	25,467
Immovable Property (Car Parks)				2,833,330	6,181,434
Add: Cost of car parking transferred from stock in trade				1,416,665	-
				4,275,462	6,206,902
Less: Prov. for diminution				277,100	505,887
				3,998,362	5,701,015
(B) Trade Investment					
(a) In Equity Instruments Quoted Fully Paid Up					
Others					
Peninsula Land Limited	16,740	16,740	2	58,378	58,378
Morarjee Textiles Limited	8,000	8,000	10	186,394	186,394
				244,772	244,772
Unquoted Fully Paid Up					
Associate Company					
Columbia Chrome (I) Private Limited	5,208	5,208	100	520,800	520,800
Swayam Realtors & Traders Limited	424,081	424,081	10	4,240,810	4,240,810
				4,761,610	4,761,610
Others					
Electric Control Gear (India) Limited	210,000	210,000	10	2,100	2,100
Less: Provision for diminution				2,100	2,100
				-	-
Total of Equity Instruments				5,006,382	5,006,382
(b) In Preference Shares Unquoted Fully Paid Up					
Associate Company					
11% Redeemable Cumulative Preference Shares of Parmeka Pvt Ltd*	92,612	92,612	100	1,250,262,000	1,250,262,000
				1,250,262,000	1,250,262,000
Total of Trade Investments				1,255,268,382	1,255,268,382

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(C) Other than Trade Investments (at cost)					
(a) In Government Securities					
Unquoted Fully Paid Up					
6 years National Saving Certificates					
lodged with Government Authority	6	6	28,000	28,000	
Total of Non Trade Investments			28,000	28,000	
Total of Non Current Investments			1,259,294,744	1,260,999,497	
	AS AT 31st MARCH 2012 Book Value	Market Value	AS AT 31st MARCH 2011 Book Value	Market Value	
	(₹)	(₹)	(₹)	(₹)	
Quoted Investments	244,772	613,692	244,772	1,116,964	
Unquoted Investments	1,259,049,972	-	1,260,754,725	-	
	1,259,294,744		1,260,999,497		

i. For the basis of valuation of non current investments refer note 1 (vi).

ii. Aggregate amount of provisions for diminution of non current investments of ₹ 2,79,200/- (P.Y. ₹ 5,05,887).

*The Company's investment of 92612 11% Redeemable Cumulative Preference Shares of Rs. 100/- each that it had subscribed at a premium of Rs. 13400/- per share aggregating to Rs.125,02,62,000/- in Parmeka Pvt Ltd (PPL) was during the year construed as its share in a profit sharing joint venture with PPL. In terms of a Memorandum of Understanding between the company and PPL the company would be entitled to receive 25% of the profits of PPL that would be accounted for when PPL generates profits from its activities.

Note 14 Long Term Loans and Advances

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Unsecured, considered good and subject to confirmation		
(a) Security Deposits	514,875	144,875
(b) Other loans and advances Advance for Land	50,325,000	50,325,000
Total	50,839,875	50,469,875

14.1 In the opinion of the management, long term loans and advances are approximately of the value stated, if realised in ordinary course of business.

14.2 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.

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 15 Current Investments

PARTICULARS	AS AT 31 st MARCH 2012 QUANTITY (Nos.)	AS AT 31 st MARCH 2011 QUANTITY (Nos.)	NAV (in ₹)	AS AT 31 st MARCH 2012 (₹ Lacs)	AS AT 31 st MARCH 2011 (₹ Lacs)
SHORT TERM INVESTMENTS					
In Mutual Funds (Quoted)					
UTI Liquid Cash Plan Institutional-Growth Option	-	69,761.280	1,588.07	-	110,785,847
Total of Non Current Investments				-	110,785,847
	AS AT 31st MARCH 2012 Book Value	Market Value		AS ON 31st MARCH 2011 Book Value	Market Value
	(₹)	(₹)		(₹)	(₹)
Quoted Investments	-	-	1,610.06	110,785,847	112,319,707
	-			110,785,847	

For the basis of valuation of current investments refer note 1(vi).

Note 16 Inventories

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
(a) Finished Stock		
Closing Stock-Era	51,686,008	57,877,424
Closing Stock-Innova Phase-II	466,090,336	568,246,644
	517,776,343	626,124,067
(b) Work-in-progress		
Work-in-Progress-Innova Phase-III	9,431,711	-
Total	527,208,054	626,124,067

For Valuation of Inventory refer 1(iv)

Note 17 Trade Receivables

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Unsecured, considered good and subject to confirmation		
Trade receivables outstanding for a period less than six months	28,303,170	40,879,217
Trade receivables outstanding for a period exceeding six months	7,197,740	-
Total	35,500,910	40,879,217

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 18 Cash and Bank Balances

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Cash and cash equivalents		
(a) Balances with banks	84,141,879	103,267,923
(b) Cash on hand	-	7,782
(c) Earmark Balance with Banks Unpaid Dividend Fractional Entitlement	629,915 77,785	453,416 80,829
Total	84,849,579	103,809,951
Other Bank Balances		
Bank deposits with more than 12 months maturity secured against borrowings	42,035,650	43,624,780
	42,035,650	43,624,780
Total	126,885,229	147,434,731

Note 19 Short Term Loans and Advances

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Unsecured, considered good		
(a) Loans and advances to related parties-[Refer Note 7]	3,305,259,871	2,796,215,694
(b) Advance to Suppliers	2,164,804	2,644,575
(c) Others		
Prepaid Expenses	169,609	64,170
Loans to Employees	130,599	59,101
Receivables Society	2,311,104	3,680,774
Service Tax input credit	228,444	34,939
Other Receivables	412,409	925,311
Total	3,310,676,840	2,803,624,563

In the opinion of the management, short term loans and advances are approximately of the value stated, if realised in ordinary course of business.

Note 20 Other Current Assets

(in ₹)

PARTICULARS	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
Interest Accrued but not due on FD	244,446	221,096
Interest Accrued on Investments	28,420	28,420
Total	272,866	249,516

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 21 Revenue from Operations

(in ₹)

PARTICULARS	2011-12	2010-11
Sale of Products:		
Sale of Property	779,727,450	824,650,450
Sale of Property held as long term investment	35,097,500	87,370,100
Sale of Transfer of Development Rights	-	42,826,980
	814,824,950	954,847,530
Revenue from Services:		
Lease Rental	4,365,619	17,037,908
Total	819,190,569	971,885,438

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

a. Premises given on Lease:

(in ₹)

Sr. No.	Assets held as long term investments	2011-12	2010-11
i	Depreciation on investment Property	46,183	503,787
ii	Loss on investment property demolished	-	14,751,794
iii	Carrying cost of investment	4,249,995	6,206,902
iv	Lease Rent Received During the year	4,365,619	17,037,908
v	Lease Rent receivable within 1 year	907,500	789,000
vi	Later than 1 year and not later than 5 years	1,161,000	115,500
vii	Later than 5 years	-	-

b. Equipment given on Lease:

Lease rent received during the year Rs.NIL (P.Y. Rs. 2,40,000/-)

General Terms of Lease Rentals:

- Lease Rentals are given on the basis of agreed terms.
- Assets are given on lease for a period upto 3 Years.

Note 22 Other Income

(in ₹)

PARTICULARS	2011-12	2010-11
Interest from other	322,393,939	382,771,909
Dividend from Long Term Investments	28,458	25,110
Net gain on sale of current investment	5,856,821	2,211,721
Club House Income	2,769,425	4,339,203
Rent Received	-	628,689
Miscellaneous Balances Written Back	4,098,914	20,931,209
Miscellaneous Income	5,191,342	17,029,628
Total	340,338,900	427,937,468

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 23 Property Development Expenses

(in ₹)

PARTICULARS	2011-12	2010-11
Cost of Material Consumed	3,612,371	-
Direct Expenses	4,274,740	-
MCGM Expenses	1,544,600	-
Total	9,431,711	-

Note 24 Changes in inventories of finished goods, work-in-progress and stock in trade

(in ₹)

PARTICULARS	2011-12	2010-11
Inventories at the end of the year		
(A) Finished Stock:		
Finished Stock-Era	51,686,008	57,877,424
Finished Stock-Innova	466,090,336	568,246,644
	517,776,343	626,124,067
(B) Work in Progress:		
Innova - Phase III(Extention)	9,431,711	-
Total	9,431,711	-
Total (C=A+B)	527,208,054	626,124,067
Less : Inventories at the beginning of the year		
(A) Finished Stock:		
Finished Stock-Era	57,877,424	57,877,424
Finished Stock-Innova	568,246,644	677,619,262
	626,124,067	735,496,685
(B) Stock in Trade:		
Stock in Trade - TDR (MHADA)	-	51,530
	-	51,530
Total (D=A+B)	626,124,067	735,548,215
Add: Adjustments		
Cost of Car Parking transferred to Investments (E)	1,416,665	-
Total (C-D+E)	(97,499,348)	(109,424,148)

Note 25 Employee Benefits Expense

(in ₹)

PARTICULARS	2011-12	2010-11
Salaries and Wages	38,239,398	33,831,957
Contributions to Provident and other fund*	2,000,816	1,208,855
Staff welfare expenses	287,864	186,123
Total	40,528,078	35,226,935

*Refer Note 7

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 26 Finance Cost

(in ₹)

Finance Cost	2011-12	2010-11
Interest expense*	90,789,401	83,191,578
Other borrowing costs	-	5,530,500
Total	90,789,401	88,722,078

*Interest expenses includes of Rs.Nil (P Y Rs.56,05,122) for interest on shortfall of advance Income tax.

Note 27 Other Expenses

(in ₹)

Finance Cost	2011-12	2010-11
Administrative Expenses:		
Power	4,151,341	3,628,236
Rent	64,656	65,473
Repairs to Building	-	237,534
Repairs to Others	122,291	159,201
Rates & Taxes	118,551	114,452
Insurance	-	180,129
Director's Sitting Fees	196,000	175,000
Payment to Auditors [Refer Note 27.1]	868,303	729,031
Investment Property Written off	-	14,751,794
Cost of Investment Sold	3,348,104	9,987,785
Depreciation on Property held as Investment	(226,687)	503,787
Property Upkeep Expenses	9,701,395	24,482,421
Professional Fees	2,127,514	1,447,793
Security Expenses	1,083,252	1,074,833
Brokerage	5,002,956	6,126,354
Advertisement Expenses	586,805	4,955,910
Loss on Sale of Fixed Assets	752,251	105,180
Other Expenses	10,823,951	12,600,972
Total	38,720,683	81,325,859

27.1 Payment to Auditors:

(in ₹)

Finance Cost	2011-12	2010-11
Administrative Expenses:		
Statutory Audit Fees	285,000	285,000
Tax Audit Fees	130,000	130,000
Limited Review Fees	225,000	225,000
Company Law Matter	135,000	-
Service Tax	81,083	68,078
Reimbursement of Expenses	12,220	20,953
Total	868,303	729,031

Note 28 Related Party Disclosures.

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

(a) Holding Company	Ithaca Informatics Pvt Ltd
(b) Key Managerial Personnel	Chetan R. Shah – Managing Director S. Ramamurthi - Whole Time Director
(c) Relatives of Key Managerial Personnel	Mayur R. Shah (Brother of Managing Director) - Director Ansuya R. Shah (Mother of Managing Director) Ramniklal Z. Shah (Father of Managing Director) Shailaja C. Shah (Wife of Managing Director) Sonal M. Shah (Wife of Mayur R Shah-Director)
(d) Associates	Columbia Chrome (I) Pvt Ltd Swayam Realtors & Traders Ltd
(e) Enterprises over which key managerial personnel / relatives exercise significant Influence	Chhaganlal Khimji & Co Pvt Ltd Citadel Realty & Developers Ltd Cornell Hsg & Infrastructure Pvt Ltd Fibre Box (Bombay) Pvt Ltd Kanchi Rehab Pvt Ltd Lark Consultancy Pvt Ltd Marathon Buildcon LLP Marathon Construction Co. Marathon Construction LLP Marathon Developers Marathon Ener-Gen LLP Marathon Energy Pvt Ltd Marathon Fiscal Pvt Ltd Marathon Group Marathon Housing Pvt Ltd Marathon Infotech Pvt Ltd Marathon IT Infrastructure Pvt Ltd Marathon Nextgen Townships Pvt Ltd Marathon Nexzone Infrastructures Pvt Ltd Marathon Nexzone Land Pvt Ltd Marathon Prachin Infrastructures Pvt Ltd Marathon Realty Pvt Ltd Marathon Securities & Properties Pvt Ltd Marathon Ventures Pvt Ltd Matrix Architects & Engineers Matrix Enclaves Projects Developments Pvt Ltd Matrix Fiscal Pvt Ltd Matrix Green Housing & Commercial Developers LLP Matrix H2O Management LLP Matrix Salvage Management LLP Matrix Waste Management Pvt Ltd Matrix Water Management Pvt Ltd Nextgen Buildcon Pvt Ltd Nextgen City Container Depot Pvt Ltd Nextgen City Energy Pvt Ltd Nextgen City Utilities Pvt Ltd Nextgen City Water Management Pvt Ltd Nextgen Green Housing & Commercial Enclave Pvt Ltd

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Nextgen Land Pvt Ltd
 Nexzone Builcon LLP
 Nexzone Energy Utilities LLP
 Nexzone Fiscal Services Pvt Ltd
 Nexzone IT Infrastructure Pvt Ltd
 Nexzone Land Pvt Ltd
 Nexzone Utilities Pvt Ltd
 Nexzone Water Management Pvt Ltd
 Olympic Enterprises
 Parmeka Pvt Ltd
 Rare Townships Pvt Ltd
 Sanvo Resorts Pvt Ltd
 Shree Mulund News Publication
 Sonasha Enterprises
 Svarnim Enterprises Pvt Ltd
 Terrapolis Structures LLP
 Trident Ozone LLP
 United Builders
 United Enterprises
 Vector Molular System (I) Pvt Ltd
 Vector Project (India) Pvt Ltd
 Vector Properties Pvt Ltd
 Vinotak Investment Pvt Ltd

(f) Details of Transactions during the year with related parties:

Particulars	Holding company	Associates	Enterprises Included in (e) above	Key Management Personnel / Relatives	TOTAL
Expenses reimbursed by MNRL	-	88,117	12,851,762	-	12,939,879
	-	-	(4,774,177)	-	(4,774,177)
11% Redeemable Cumulative Preference Share of Parmeka Pvt Ltd	-	-	-	-	-
	-	-	(1,250,262,000)	-	(1,250,262,000)
Hire Charges	-	-	-	-	-
	-	-	(264,720)	-	(264,720)
Expense Reimbursed to MNRL	-	88,117	12,736,283	-	12,824,400
	-	-	(5,028,277)	-	(5,028,277)
Advance Received	-	-	430,800,000	-	430,800,000
	-	-	(1,445,178,774)	-	(1,445,178,774)
Advance Repaid / Given	-	79,733,526	592,750,000	-	672,483,526
	-	(43,734,296)	(2,023,216,186)	-	(2,066,950,482)
Interest Received	-	89,602,674	228,168,890	-	317,771,564
	-	(141,816,696)	(238,130,727)	-	(379,947,423)
Dividend Paid	-	-	-	-	-
Equity	49,883,558	-	-	9,267,535	59,151,092
	(19,003,260)	-	-	(3,530,490)	(22,533,750)
Preference	150,000	-	-	-	150,000
	(150,000)	-	-	-	(150,000)

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Holding company	Associates	Enterprises included in (e) above	Key Management Personnel / Relatives	TOTAL
Share of Joint Venture Profit given	-	-	18,750,000	-	18,750,000
	-	-	-	-	-
Remuneration	-	-	-	5,200,000	5,200,000
	-	-	-	(4,900,000)	(4,900,000)
Commission	-	-	-	7,200,000	7,200,000
	-	-	-	(7,200,000)	(7,200,000)
Director's Sitting Fees	-	-	-	40,000	40,000
	-	-	-	(20,000)	(20,000)
Debit Balances Outstanding	-	1,494,396,930	1,810,862,942	-	3,305,259,872
	-	(1,334,020,997)	(1,462,454,123)	-	(2,796,475,120)
Credit Balance Outstanding	-	-	765	-	765
	-	-	-	-	-

Note:

- 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.

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

(in ₹)

PARTICULARS	2011-12	2010-11
Expenses reimbursed by MNRL		
Marathon Realty Pvt Ltd	138,090	4,774,177
Swayam Realtors & Traders Ltd	88,117	
Total	226,207	4,774,177
11% Redeemable Cumulative Preference Share of Parmeka Pvt Ltd- Chhaganlal Khimji & Co Pvt Ltd	-	1,250,262,000
Hire Charges		
Chhaganlal Khimji & Co Pvt Ltd	-	264,720
Expenses reimbursed to MNRL		
Marathon Realty Pvt Ltd	21,846	5,028,277
Swayam Realtors & Traders Ltd	88,117	
Total	109,963	5,028,277
Advances Received		
Parmeka Pvt Ltd	-	164,126,097
Marathon Realty Pvt Ltd	391,600,000	1,188,073,725
Chhaganlal Khimji & Co Pvt Ltd	39,200,000	-
Total	430,800,000	1,352,199,822

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Advances Given / Repaid		
Swayam Realtors & Traders Ltd	76,233,526	41,684,296
Marathon Realty Pvt Ltd	592,750,000	1,732,276,186
Chhaganlal Khimji & Co Pvt Ltd	-	39,000,000
Total	668,983,526	1,812,960,482
Interest Received		
Columbia Chrome (I) Pvt. Ltd.	32,331,757	53,675,769
Swayam Realtors & Traders Ltd	57,270,917	88,140,927
Marathon Realty Pvt Ltd	223,234,464	152,813,387
Chhaganlal Khimji & Co Pvt Ltd	4,934,426	79,578,397
Total	317,771,564	374,208,480
Dividend Paid		
Ithaca Informatics Pvt. Ltd.		
Equity	49,883,558	19,003,260
Preference	150,000	150,000
Total	50,033,558	19,153,260
Remuneration		
Chetan R. Shah	5,200,000	4,900,000
Commission		
Chetan R. Shah	7,200,000	7,200,000
Director Sitting Fees		
Mayur R. Shah	40,000	20,000
Share of Joint Venture Profit		
Marathon Realty Pvt Ltd	18,750,000	-
Debit Balances Outstanding		
Marathon Realty Pvt Ltd	1,806,407,586	1,422,980,324
Columbia Chrome (I) Pvt. Ltd.	528,547,446	495,948,865
Swayam Realtors & Traders Ltd	965,849,483	838,072,132
Chhaganlal Khimji & Co Pvt Ltd	4,455,356	39,473,799
Total	3,305,259,871	2,796,475,120
Credit Balances Outstanding		
Marathon Realty Pvt Ltd	765	-

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 29 Disclosure required by Clause 32 of Listing Agreement, advance in the nature of loans is as under:

a. The Company has given advanced in the nature of loans as defined in clause 32 of Listing Agreements as under:

(in ₹)

Name of the Companies	Closing Balance		Maximum Balance Outstanding during the year	
	2011-12	2010-11	2011-12	2010-11
Associates:				
Columbia Chrome (I) Pvt. Ltd.	528,547,446	495,948,865	528,547,446	495,948,865
Swayam Realtors & Traders Ltd.	965,849,483	838,072,132	965,849,483	838,072,132
Others:				
Marathon Realty Pvt Ltd	1,806,407,586	1,422,980,324	1,822,680,324	1,801,642,900
Chhaganlal Khimji & Co Pvt Ltd	4,455,356	39,214,373	43,204,428	39,214,373
Parmeka Pvt. Ltd.	-	-	-	160,940,000
Vinotak Investments Pvt. Ltd.	-	-	-	91,000,000

b. Loans and advances shown above are repayable on demand.

c. All the above loans and advances are interest bearing as per Section 372A of the Companies Act, 1956. d. None of the Lonees has invested in the shares of the Company.

e. Loans to Employees as per the Company policy are not considered for this purpose.

Note 30 Earnings per Share (EPS)

(in ₹)

Sr. No.	Particulars	2011-12	2010-11
i	Net Profit after Tax as per Profit and Loss Statement	710,250,687	879,486,351
ii	Less: Dividend on cumulative preference share capital	150,000	150,000
iii	Less:- Tax on Dividend	24,334	24,334
iv	Net profit for the year attributable to equity shareholders	710,076,353	879,312,017
v	Weighted average number of equity shares	18,958,230	18,958,230
vi	Basic and diluted earnings per share	37.45	46.40
vii	Nominal value per equity share	10	10

Note 31 Contingent Liabilities (to the extent not provided for excluding interest, panel charges, if any)

(in ₹)

Particulars	2011-12	2010-11
Claims against the Company not acknowledged as debt:		
1. Disputed Liabilities in appeal*		
Central Excise Duty	15,419,366	15,559,790
ESIC and PF	4,750,560	4,750,560
2. Guarantees		
Counter Guarantee given to its group concern	-	109,742,111
Total	20,169,926	130,052,461

* As certified by management and consultants.

MARATHON NEXTGEN REALTY LTD.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- a. Disputed excise duty claims Rs.1,54,19,366/- (Previous Year Rs.1,55,59,790/-) in respect of which the Company made Excise duty payment of Rs.1,40,424/- (Previous Year Rs.1,16,495/-).
- b. 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 appealed against the order in the Provident Fund Appellate Tribunal and pending hearing the recovery of principal interest and damages has been stayed.
- c. 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 besides filing an appeal in the ESIC court.

Note 32

While computing Provision of Tax for the year ended March 31, 2012 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. However, as per opinion of the management the Company will not be liable to pay the normal income tax during the specific period. Accordingly, MAT credit entitlement has not been recognised in the books of accounts.

Note 33

The Company is operating in a single segment i.e. Real Estate Development, pursuant to which the information required to be disclosed as per AS-17 "Segment Reporting" in case of different segment have not been disclosed here.

Note 34

As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

As per our report of even date

For HARIBHAKTI & CO. Chartered Accountants

Chetan Desai
Partner
Membership No. 17000

Place: Mumbai
Date: 30th May, 2012

For and on behalf of the Board of Directors

CHETAN R. SHAH
Chairman &
Managing Director

S. RAMAMURTHI
Whole Time Director

K S RAGHAVAN
Company Secretary

MAYUR R. SHAH
ViceChairman

V. NAGARAJAN
Director