

Date: August 23, 2024

To,
BSE Limited,
Listing Department,
P.J. Towers, Dalal Street,
Mumbai - 400001.
Scrip Code: 503101

NSE Limited,
Listing Department,
Exchange Plaza, Plot No. C/1, G Block,
BKC, Bandra (East), Mumbai - 400051.
NSE Code: MARATHON

Sub: Transcript of Q1 FY'25 Earnings Conference Call

Pursuant to Regulation 30 and Regulation 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Q1 FY'25 Earnings Conference Call held on Wednesday, August 21, 2024. The Transcript is also available on the Company's website at <https://www.marathonnextgen.com/>

Kindly take the same on record.

Thanking you,
For Marathon Nextgen Realty Limited,



Yogesh Patole
Company Secretary and
Compliance Officer
M.No.-A48777





“Marathon Nextgen Realty Limited
Q1 FY’25 Earnings Conference Call”

August 21, 2024



MANAGEMENT: **MR. CHETAN SHAH – CHAIRMAN AND MANAGING
DIRECTOR – MARATHON NEXTGEN REALTY LIMITED**
**MR. MAYUR SHAH – VICE-CHAIRMAN – MARATHON
NEXTGEN REALTY LIMITED**
**MR. KAIVALYA SHAH – DIRECTOR – MARATHON
NEXTGEN REALTY LIMITED**
**MR. SAMYAG M. SHAH – DIRECTOR – MARATHON
NEXTGEN REALTY LIMITED**

MODERATOR: **MR. BINAY SARDA – ERNST AND YOUNG**

Moderator: Ladies and gentlemen, good day and welcome to the Marathon Nextgen Realty Limited Q1 FY25 Earnings conference call. As a reminder, all participant line will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Binay Sarda from Ernst & Young. Thank you and over to you, sir.

Binay Sarda: Thanks, Sejal. Good morning to all the participants on the call and thanks for joining this Q1 FY25 earnings call for Marathon Nextgen Realty Limited. Please note that we have mailed out the press release to everyone and you can also see the results on our website as well as it has been uploaded on the stock exchanges. In case if you have not received the same, you can write to us and we'll be happy to send it over to you.

Before we proceed with the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risk, uncertainties and other factors. It must be viewed in conjunction with our businesses that could cause future result performance or achievement to differ significantly from what is expressed or implied by such forward-looking statements.

To take us through the results of this quarter and answer our questions, we have with us the management of Marathon Nextgen represented by Mr. Chetan Shah, Chairman and Managing Director, Mr. Mayur Shah, Vice-Chairman, Mr. Kaivalya Shah and Mr. Samyag M Shah, Director. We'll be starting the call with a brief overview of the quarter-gone past which will then be followed with a Q&A session. With that said, I'll now hand over the call to Mr. Chetan Shah. Over to you, sir.

Chetan Shah: Thank you, Binay. Thank you, participants. We are delighted to report a strong and positive performance for the first quarter, demonstrating our resilience and strategic focus. Our revenue and profitability continue to remain robust, underscoring the sustained demand across our portfolio. The premium Monte South project continues to progress at a rapid pace, reflecting our commitment to delivering premium and high-quality development on time.

In our commercial segment, the Futorex project is garnering significant interest, with ready high-value inventory attracting a wave of enquiries which we anticipate will translate into robust sales in the coming quarters, further bolstering our profitability. Panvel boosted by the Mumbai Trans Harbour Link has emerged as a highly sought-after location, showing remarkable growth in demand, leading to a sustained increase in realisation.

The Millennium project at Mulund with its small-ticket commercial offerings is also performing exceptionally well, further validating the strength of our product mix. Bhandup, as a location, has also seen many premium real estate players in the last few quarters and with Marathon being there for the last six years, we are dominating the market with our NeoHomes product.

Mumbai's real estate market continues to thrive, attracting interest from regional players, which highlights the resilience and attractiveness of the MMR region. Looking ahead, we are excited about our upcoming launches in Monte South, NeoPark Bhandup, Nexzone Panvel and

NeoValley Bhandup. These projects, with their strategic locations and appealing offerings are expected to drive strong sales momentum and profitability in the coming years.

Our dedication to delivering exceptional values to our customers remains unwavering as we continue to pursue disciplined and dynamic growth. Now, coming to operational highlights of quarter 1 FY25. Area sold stood at 72,912 square feet, booking value stood at INR158 crores, collection stood at INR186 crores. Consolidated Q1 FY25 financial performance, total revenue stood at INR173 crores. EBITDA stood at INR69 crores which translates at 40% margin.

Profit before tax stood at INR44 crores. Profit after tax stood at INR38 crores. The net debt position – net debt has reduced to INR718 crores as on 30th June 2024, as against INR751 crores as at the end of FY24. Cash flows as on 30th June 2024 balance collection from sold units, which is completed and ongoing in all launched projects stood at INR783 crores. Total spending estimated project costs incurred stands at INR892 crores and total estimated revenue from unsold inventory stands at INR1,566 crores. Net surplus cash flow from ongoing projects stands at INR1,457 crores. Thank you very much for participating. Now we are open to questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sushrut Gokhale from Capris Investments. Please go ahead.

Sushrut Gokhale: Hello. Yes, sir. Congratulations on a good set of numbers. I want to know what is your aspiration in terms of annual construction run rate in the next three years? And can I get a ballpark number in terms of booking value three years from now?

Chetan Shah: We have been growing very significantly and we expect the growth to continue at least 20% and generally we have been growing at 30%, 35%. So, these are growth numbers that we can share.

Sushrut Gokhale: So, can we expect that booking value will grow at a CAGR of say 25 years, 30 years in the next three years?

Chetan Shah: Yes and annualize 20%.

Sushrut Gokhale: And sir, one more question that we have mentioned a strong hold in Bhandup and the SRA project which is progressing. So, do we have the scope there to take any price hikes in that project considering that demand is strong?

Chetan Shah: Yes, what we have seen in the last few quarters, we have had a higher price realization in Bhandup project also. So, going forward, I hope that this is going to continue. The quality work that we are developing in Bhandup is really great and everybody has appreciated branded player delivering the goods there. So, that is how we are commanding a premium compared to other developers in the area.

Kaivalya Shah: Also, to answer that question we are seeing phenomenal infrastructure growth in Bhandup and that is exactly why the rest of the players of Bombay are actually getting attracted to Bhandup. Bhandup sales are phenomenal and while we want to increase the rate, which we will do, we also want to make sure we sale a lot so that we get a lot of volume.

The GMLR which is Goregaon, Mulund Link Road which the government has sanctioned the road and if you come to Mulund or Bhandup area, you can see the road being widened already is going to add a lot of value proposition for investors as well as end users in Bhandup. So, we see Bhandup as a goldmine.

- Sushrut Gokhale:** So, if you can share what will be this quantum of price hike, any ballpark figure?
- Kaivalya Shah:** So, like I said we want to increase price, but not at the cost of sales. In the past, we have increased about 5% year-on-year, which is exactly not hampering the sales at all. So, we want to continue at least that pace.
- Sushrut Gokhale:** Thank you sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Dr. Amit Vora from the Homeopathic Clinic. Please go ahead.
- Amit Vora:** Good morning, everyone. Good morning, Chetan bhai, good morning Mayur bhai, good morning Kaivalya, good morning everyone. I hope I'm audible? We have planned a INR500 crores QIP. So, what are our plans? How do we plan to use that amount? Is it repaying the debt or buying some new, getting into the new SRA project or what are the plans of the company to use that QIP?
- Chetan Shah:** So, currently, the enabling resolution has been cleared. It is to raise funds, not necessarily through QIP route, but any QIP and other possible options are open. So, that is how enabling resolution has been made. Our committee has also formed on that and we are exploring all the possibilities. Once the money is raised the ultimate use is going to be one to repay a little bit of debt, one to acquire new assets, and third is acquiring new projects. So, these are some of the fund use that we will have.
- Amit Vora:** Any new launches in this financial year?
- Chetan Shah:** Yes, sure. We have already planned from existing projects, a few launches during this financial year. Kaivalya if you share on the exact numbers?
- Kaivalya Shah:** So, this, in the next four quarters we intend to launch something in Bhandup around 1.5 lakh square feet carpet area. Monte South around 2 lakh square feet carpet area. Nextzone around 2.5 lakh square feet carpet area. The totalling figure comes, the GDP of the whole becomes around INR1,300 crores. So, that's the launch pipeline in the next four to five quarters.
- Amit Vora:** Okay. And just there has been some slowdown in the sales for the last two, three quarters. Is there any particular reason for that or it is just season?
- Chetan Shah:** So, mainly it is a festive season. That is when actually the sales picks up and other quarters are a little slow. But real estate is a play for three years on a go. So, as I explained to everybody that for any real estate company, you should do a 12-quarter moving average calculation for growth and other numbers. Quarter-to-quarter, it is difficult because that depends on the economic scenario as well as the seasonality of festivities.

- Kaivalya Shah:** And also right now, while quarter-on-quarter you see the numbers being the same. We are gearing up for in terms of team building, in terms of approvals and etc for launches in the coming quarters. So, that is also brewing in the background. And further, the construction speed is going dramatically in Monte South or Nextzone and all the projects that there are. So, delivery point of view we are delivering quite a lot.
- Amit Vora:** Monte South, this new launch that you are planning in next 24 months, sorry four quarters, would be the building fee or it would be the commercial part or both?
- Chetan Shah:** It will be building fee, upper floors I mean the top floor is building fee high floor.
- Amit Vora:** Okay. And can you inform, can you tell me something about the status of A and B, if it's possible?
- Chetan Shah:** Tower A has been completed as of last month, we got a occupation certificate up to the full floor, 65 floors. So, that is tower A. Tower B construction is in full swing and currently, we are at 45 floors.
- Amit Vora:** Okay. Thank you so much, sir. Thank you for all the answers. It was really helpful and sir one last suggestion, the PowerPoint presentation has still not been uploaded on the website or the BSE website even I haven't received in my mail also?
- Kaivalya Shah:** Yes we will be doing it in next week. In the next four to five days, we are revamping the presentation and we'll be uploading it.
- Amit Vora:** Okay. Thank you so much. Wish you all the best.
- Moderator:** Thank you. The next question is from the line of Shree Gopal Agarwal from Aagman Advisory Llp. Please go ahead.
- Gopal Agarwal:** Hi sir.
- Management:** Hi, Gopal.
- Gopal Agarwal:** Sir just wanted to understand two things. One is the Panvel market is seeing a significant influx of developers lining up new launches, many of them being mega Townships. Can the market absorb the significantly higher inventory which will be available in next two, three years?
- Management:** So, while in a macro perspective, you might think Panvel has a much overall larger market. These township launches that you're talking about are actually even Panvel has its own micro markets. And where we are situated, our current project is actually much closer to the airport. It's much closer to the city and we've seen very sustained sales over there in spite of so many other launches from the township projects. So, the market is quite big.
- I think it can absorb a lot of inventory and probably sales hike if that's possible across the market. And for us, what is an advantage is we are able to cater to a lot of higher proportion of end users because of our location, because of the social infra that is already existing around our project.

And because of the fact that we are close to the airport which is now getting ready and should be ready in the next few months, probably 9 to 12 months.

Just to give you some perspective, we've already received OC for 2200 flats. And we are doing the entire construction in a record pace. And as such we have not faced any issue of sales in spite of a lot of these township projects being around for many years.

Chetan Shah: Just to clarify, our project is the first outside Panvel boundary, Panvel city boundary. So, we are the closest to Panvel compared to all other township projects.

Gopal Agarwal: Got it, sir. Noted I think fair point. Sir, one more follow up question, sir. With respect to the fundraising, what is the potential equity dilution due to this fundraise, proposed fundraise? And also what are the plans related to merging the unlisted entity with the listed entity and how much time it would take?

Chetan Shah: Well, if you consider the enabling resolution of INR500 crores, that percentage will come to around 15% if you consider INR3000 crores as a market gap, but it will exactly, exact number will depend on when it is happening and how much it is happening. So, that is roughly, ballpark figure is about 15%. What was the next question?

Gopal Agarwal: Merger.

Chetan Shah: So, we are in the process of consulting with our consultants and legal lawyers and others on how to go about bringing some of the assets from the outside listed company into the listed company. So, that process is going on. We will come back with all those announcements very soon. First, the process is going to be the QIP process. Then there is going to be a process which will immediately follow our merger process.

Gopal Agarwal: Okay, sir. Noted. Thanks, sir.

Moderator: Thank you. The next question is from the line of Vaibhavi Shah who is an Individual Investor. Please go ahead.

Vaibhavi Shah: Hello.

Moderator: Yes, ma'am.

Vaibhavi Shah: Good morning sir. Thanks for the opportunity. Sir, I have two sets of questions. First is, our commercial portfolio stands almost fully completed, right? So, we still have a sizable unsold inventory in both projects. What will be our strategy to exhaust that inventory and any new commercial projects up for launch in the coming quarters which projects from the pipeline will go live first Monte South or Nexzone?

Management: So, like we have always maintained in our commentary, commercial is something due to taxation issues and other sort of factors which sales closer to completion. The Millennium Project has just achieved completion a few months back and even Marathon Futurex around June of sort of achieved the entire completion. So, we are in the process of sort of monetizing it.

Just for some more clarity, at least in the Futorex project, out of whatever you are seeing as the unsold inventory around 40% to 45% is already leased. So, at an opportune time like we have given in our commentary, we would like to sell it at a pre-leased asset if the value is right. So, that is overall our strategy for commercial.

And in terms of new projects, in our Monte South project itself there is a phase that we have communicated earlier. There is going to be about 7 odd lakh carpet total potential of a commercial project in that entire layout. We are expecting to sort of launch it in the next three, four quarters.

Currently, we are in the sort of design stage over there. And we are really using a lot of our experience from selling commercial to ensure we have the right design, the right unit sizes, so that when we launch we want to see a very, very successful launch there.

Vaibhavi Shah: Okay. Understood, sir. Thank you. And, sir, secondly, can you also please take us through the competitive landscape of commercial projects in the micro-markets in which we operate? What is our strategy to differentiate ourselves leading to better sales momentum?

Management: So, we are operating in two different micro-markets per se. The Island city market where we already have Marathon Futorex and where we plan the Monte South commercial project. That is a very different micro-market where frankly, we do not see that much new supply. Another unique advantage we have is that we lease and sell. Not too many other competitors do that. By and large, most competitors in that market want to lease and then they have a different strategy.

And that is sort of paid some dividends to us if we just look at some transactions we have done in Marathon Futorex itself. When we are selling versus when we are doing a pre-lease selling, we are almost getting a premium in directly selling primarily because of lack of supply and also the quality of the product that we have made. So, that is a huge advantage which I think not most other developers do.

And we want to continue to have that model. We do not want to go into an only lease model as of yet. While that does not mean we will not entertain leasing inquiries, but having a mixed model is kind of a differentiator and every project is giving us a lot of learning. So, we are always improving the product.

Vaibhavi Shah: Okay. Understood, sir. Thank you. That was from my side and all the best, sir. Thank you.

Moderator: Thank you. The next question is from the line of Parag Ahmed from [Skies & Ray] Equities Limited. Please go ahead. Mr. Parag, I would request you to unmute your line and speak, please.

Parag Ahmed: Hi. Two questions we have recorded a significant increase in the average realization I think in both the residential and the commercial segment as well. So, if you could just explain like the project wise dynamics and leading to all this have we taken a price hike across all?

Chetan Shah: Yes, in general, I can say that there has been a price improvement realization with us because most of the projects have reached the occupation or higher level of construction. So, there is a general price increase that one gets because the risk profile keeps on changing as you reach

occupation level product. So, there has been a higher realization, although the market may not have realized given so much hike.

But in this situation, we have market hike also and the product completion hike. So, that is how you see the numbers in realization that has happened. The luxury project future - Monte South and Futurex, both have significant high-rise value increase in the last two quarters.

Kaivalya Shah: Also, project wise, Monte South as you come to the site, you can see the buildings ready, OC, ready in 64 floors. So, whenever OC is there, there is more believability in the product. Similar is the case of Futurex. It is OC ready product and like Samyag said in the previous question, commercial is at sells at a higher rate on readiness. So, that is why we have seen Futurex increase.

Millennium, we have received OC, again, the price hike and believability in the product. Nexzone as an area, Panvel is just booming. Hence the market is actually accepting the price hike. Bhandup as an area we are very confident of this area as per sales. So, we have been pushing the rates higher. So, these are some of those reasons project wise, why the prices are higher.

Parag Ahmed: And how do we anticipate like going forward for FY25, the trend?

Chetan Shah: The trend is likely to continue. It may be at a slower pace, but still the price are likely to rise.

Parag Ahmed: Sir another question is, would be, other developers in the MMR and overall market, I have seen like our company is yet to catch up. So, would you say this is because of like, say, project mix or any other factors at play, any micro or any stuff?

Chetan Shah: See, we have always been positioning ourselves as luxury market, almost one third, one third would be the big segment market and one third should be the far away market. Now, this strategy has helped even when there is a downturn in the market. So, even during pandemic, we could continue our sales.

So, this is a strategy that we continue with. As soon as a project gets over in luxury segment, we try to find another one and launch luxury segment. So, and each of these three segments, also we have a continuous growth in terms of square feet area and in terms of revenue from these projects.

Kaivalya Shah: And to add to it, we are always also focused on profitability in each project. So, we are making sure while we are doing at a faster pace year-on-year, we also maintain, we want to maintain decent margins and that applies to any future projects we take as well.

Parag Ahmed: Okay sir. Thank you. That is it from my side.

Moderator: Thank you. The next question is from the line of Diwakar Rana from Prudent Equity Private Limited. Please go ahead. Ladies and gentlemen, we have lost the connection of the current participant. We will move on to the next participant. The next follow-up question is from the line of Dr. Amit Vora from the Homeopathic Clinic. Please go ahead.

- Amit Vora:** Thank you so much for giving a chance again. My question is regarding, are we planning any SRA project next to Millennium? I have got some news, whether it is true or not, I am not aware. I was just trying to confirm.
- Kaivalya Shah:** No, we are not. Millennium, there is no additional land that we are going to acquire.
- Amit Vora:** Around Millennium on the LBS road, are we planning any SRA project?
- Chetan Shah:** In Bhandup, it is not exactly around Millennium.
- Amit Vora:** In that side overly and in that belt?
- Chetan Shah:** No, nothing there.
- Amit Vora:** And one last question, sir. By when are we expected to complete this fundraising 2 months, 6 months or any timeline from that?
- Chetan Shah:** We have not put a timeline, but we will want to do it as soon as possible.
- Amit Vora:** Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Jatin, who is an Individual Investor. Please go ahead.
- Jatin:** Thanks for giving me an opportunity. I just wanted to know; we have just given a Press Release two days back that we are purchasing our two group companies. Can you just throw some light on it, what that company is having in the balance sheet and what it will help us?
- Chetan Shah:** No, this is just an enabling resolution that the two companies that are non-productive companies, it is just a company with no turnover or no profit. In case if we want to use those companies for some sort of a REIT operation, that is what is enabling possibility. So, this is - there is nothing new in these two companies.
- Jatin:** It is holding some assets?
- Chetan Shah:** No assets, no liabilities. It is just to acquire new projects at a later date. In Real Estate, we normally have projects that are getting acquired in SPV and this will be 100% SPV of a listed company. So, this is just enabling a provision that we are making that a future project can be taken up in one of these two companies.
- Jatin:** You have just mentioned regarding the merger something which I didn't get a clear message. Can you just throw light once again, what we are planning? Are we doing some merger of our privately listed company, group company?
- Chetan Shah:** No, this was in response to a question which was raised regarding merger. So, we said that we are looking at merger of some of the private company's assets or projects into it. This is an ongoing process. We have always done that. If you see the current projects of listed company, they were at one point of time private projects. So, here we want to do it also soon.

We have already announced that now we are no longer taking up any projects in private space. We are doing everything in listed entities. So, this is the process that we have been following and we will continue to follow.

- Jatin:** Thanks for answering my question. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Neha from Minerva Investment Management. Please go ahead.
- Neha:** Good afternoon, sir. I have a question regarding your Citadel Realty. That is another company that we have in the listed space. We are considering to preferential issue of convertible warrants. I just wanted to get some clarity on what do we plan on doing with that company?
- Chetan Shah:** That is a different company. So, we would rather keep those questions in different perspective. So, this is right now it is continuing doing some projects and those projects require some funds. So, that would be the process that Citadel would be following.
- Neha:** Understood, sir. And so, do we plan on continuing to remain as a separate company or eventually we would like to...
- Chetan Shah:** Your voice is not clear. Can you just repeat that question?
- Neha:** Yes. So, sir, I am asking, would we continue for it to remain as a listed company or two separate listed companies or eventually would we like to kind of merge both of them?
- Chetan Shah:** Well, right now, there is no such process, but as we said all the projects that we are taking up, new projects are going to be in listed entity Marathon Nextgen Realty Limited. However, there is a continuous old project that is going on in Citadel and that project will be completed. And after that what is to be done that we will have to take a call at that stage, which will be at least two years away.
- Neha:** Okay. Got it, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Jojo Shaju from Alpha Invesco Research Service. Please go ahead.
- Jojo Shaju:** Thanks for the opportunity, sir. Sir, you have talked about the launch pipeline for the next three to four quarters. So, I just want to check like what is the total score that you are going to launch in this financial year?
- Chetan Shah:** Yes, we have given that number, but we will repeat that.
- Kaivalya Shah:** So, Jojo in the next four quarters, we are launching around 5.8 lakh square feet in different projects. Bhandup being -- this 5.8 lakh is carpet area just for your information. Bhandup is around 1.5 lakh square feet. Monte South is around 2 lakh square feet. And Nextzone is around 2.5 lakh square feet.
- Chetan Shah:** Nextzone is Panvel.

- Jojo Shaju:** And, sir, are we planning any launch in the Q2 or is it bulked up in the second half of the financial year?
- Kaivalya Shah:** Maybe the fag end of the financial year is when we will be launching.
- Jojo Shaju:** Okay, sir. Got it. And, sir, how much was the pre-sales from Monte South in Q1 at the project level or?
- Chetan Shah:** Pre-sales number of Q1.
- Kaivalya Shah:** Just a second. The Monte South specific number is that what you want of Q1 FY '25?
- Jojo Shaju:** Yes, I need the specific Monte South pre-sales number for Monte South.
- Kaivalya Shah:** For Monte South. Yes. It is around INR121 crores is the pre-sales booking value in the quarter FY25.
- Jojo Shaju:** Okay, got it, sir. That is from my side. Thank you.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.
- Chetan Shah:** Thank you, participants for participating actively in the discussion. We look forward to such meaningful participation in future. Thank you very much.
- Moderator:** On behalf of Marathon Nextgen Realty Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.
- Chetan Shah:** Thank you.