Regd. Address : Marathon Futurex, Mafatlal Mills Compound, N. M. Joshi Marg, Lower Parel (W), Mumbai - 400 013.

Date: 24/02/2023

To

The BSE Limited
Department of Corporate Services,
P.J. Towers, Dalal Street,
Mumbai- 400 001
Scrip Code: 503101
Debt: 973681, 973682

National Stock Exchange of India Limited
Listing Department,
BKC, Bandra (E)
Mumbai-400 051
Symbol: MARATHON

Sub: Transcript of Q3 FY'23 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 Q3 FY'23 earnings conference call held on February 17, 2023. The Transcript is also available on the Company's website at https://www.marathonnextgen.com/

Kindly take the same on record.

Thanking you,
Yours truly,

For Marathon Nextgen Realty Limited,

MARATHON NEXTGEN REALTY LTD. MUMBAI

K.S. Raghavan
Company Secretary & Compliance Officer
Place: Mumbai
Encl: A/a

“Marathon Nextgen Realty Limited
Q3 FY2023 Earnings Conference Call”

February 17, 2023

ANALYST: **MR. BINAY SARDA – ERNST & YOUNG**

MANAGEMENT: **MR. CHETAN SHAH – CHAIRMAN & MANAGING DIRECTOR – MARATHON NEXTGEN REALTY LIMITED**
MR. MAYUR SHAH – VICE CHAIRMAN – MARATHON NEXTGEN REALTY LIMITED
MR. KAIVALYA SHAH - PROJECT HEAD - NEO HOMES – MARATHON NEXTGEN REALTY LIMITED
MR. SAMYAG SHAH – PROJECT HEAD - MARATHON FUTUREX & NEXZONE - MARATHON NEXTGEN REALTY LIMITED
MR. S. RAMAMURTHY – CFO & WHOLE TIME DIRECTOR - MARATHON NEXTGEN REALTY LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2023 Earnings Conference Call of Marathon Nextgen Realty Limited. As a reminder, all participant lines will be in the 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 "*" then "0" 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.

Binay Sarda: Thanks Michelle. Good afternoon to all the participants on the call and thanks for joining this Q3 FY2023 earnings call for Marathon Nextgen Realty Limited. Please note that we have mailed out the press release and presentation to everyone and you can also see the results on our website as well as it has been uploaded on the stock exchange. In case if you have not received the same you can write to us and we will be happy to send it over to you.

Before we proceed with the call, let me remind you that the discussions may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our businesses that would cause future results 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 & Managing Director; Mr. Mayur Shah – Vice Chairman; Mr. Kaivalya Shah - Project head - Neo Homes; Mr. Samyag Shah – Project Head- Marathon Futurex & Nexzone; and Mr. S. Ramamurthy – Chief Financial Officer & Whole Time Director.

We will 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 will now hand over the call to Mr. Chetan Shah. Over to you, sir.

Chetan Shah: Thank you Binay. Dear investors, good afternoon and very warm welcome to all the participants for joining the Q3 FY2023 earnings call of Marathon Nextgen Realty Limited. Since this is our first earnings call for the analysts and investor community, we would like to give a brief introduction about the company and the group before we proceed with the operational and financial highlights for the quarter.

Marathon Nextgen Realty Limited, MNRL, is an MMR, Mumbai Metropolitan Region based real estate player, listed on Bombay Stock Exchange and National Stock Exchange. Marathon group took over the management control of 1978 BSE listed company Piramal Spinning and Weaving Mills Limited in the year 2003, MNRL was amongst the first corporates to envision the future of Lower Parel not only as a high-end residential hub, but also as an alternate business district. Its first mixed development project in Lower Parel consisted of Eara a residential high-rise building, and Innova and Ultra-Modern Commercial Unit that became benchmarks in the vicinity and is even now hailed as among the best projects in that area. Though through this project the company set many new milestones, and had created enormous wealth to its shareholders who were rewarded with four liberal bonus issues, which currently makes 97% of equity as bonus equity.

MNRL has an uninterrupted dividend history except for the two pandemic years. It currently has more than 7500 shareholders. Under corporate governance MNRL is committed to provide and achieve the highest standard of customer service, the vision is to provide the customer a product meeting the highest standards of excellence at the most reasonable price. Our corporate governance practices are reflected of our value system, encompassing our culture, and relationship with our stakeholders.

The Executive Directors are highly qualified and have considerable experience in the realty sector. Eminent engineers, architects, chartered accountants, are part of the independent directors. MNRL has its presence across various segments, a high-rise office spaces through our Marathon Futurex a 38 storied commercial project at Lower Parel occupied by marquee customers like ZeeTV, L'Oreal, Nykaa, and another 26 storied Marathon Millennium with small offices under construction at Mulund. In residential sector we have presence through three sub brands, Marathon Monte, Marathon Next and Marathon Neo. Monte consists of luxury residential spaces. For example, our joint venture project Monte South at Byculla. 465 storied residential towers are being built there out of which three towers have already been launched. The next brand Nex consists of townships like Panvel Nexzone project consisting of 16 towers of 30 plus floors each within 5 kilometres of the upcoming Panvel Airport. We have three more towers that are yet to be launched. Affordable housing through our Nex category is Neo. Neo category consists of SRA projects at Bhandup and smaller units of the Neo Square and Neo Park are examples, and few more are scheduled to be launched soon.

Let me now talk about Marathon Group Promoter of MNRL holding just less than 75% stake, more than 74% controlling stake in MNRL has employee strength of more than 800, who can carry out A to Z of all the functions of real estate in-house from acquisition of land, legal due diligence, planning and design, approval, engineering, material procurement, site execution, marketing and sales, Marathon has all of it in-house. Marathon group started in 1969 by late Ramniklal Z. Shah, my father and is managed currently by his two sons myself Chairman and Managing Director Chetan Shah and my brother Mayur Shah as Vice Chairman. Our next generation, my son Kaivalya and Mayur’s two sons Parmeet and Samyag are handling various functions and projects independently. All five promoters have had their education in USA related to Real Estate and have joined business.

Friends, Marathon group has land banks of more than 100 acres at Thane, 90 acres at Dombivli, more than 100 acres of slum occupied land at Bhandup and more than 100 acres of land at Panvel Periphery, which can be leveraged in a joint venture or joint development agreement with listed company MNRL at opportune time. Group's policy is to develop most of the new projects through listed company MNRL.

Friends, now let me take you through some of the key operational highlights of MNRL during the quarter. During the quarter we achieved a total sales booking of around Rs.271 Crore. This includes a onetime big sale of 163 Crores worth of office raises given to CDSL at Futurex measuring about 46000 square feet carpet area.

Area sold during the quarter increased to 1.66 lakh square feet in quarter three FY2023 owing to primarily considerable bookings from the Futurex and Nexzone projects. Collection for the quarter where robust at more than 300 Crores. There was an improvement in realization price to Rs.19800 per square feet for commercials and Rs.8600 per square feet for residential segment.

Now coming to the financial results for the quarter and nine months ended December 2022. Revenue from operations increased to Rs.278 Crores in Q3 FY2023 versus 68 Crores in Q3 FY2022. For nine months FY2023 stood at 546 Crores compared to 141 Crores for previous nine months ending 2022. EBITDA increased to Rs.142 Crores for Q3 FY2023 compared to 27 Crore in Q3 FY2022. EBITDA for nine months FY2023 was at Rs.242 Crores compared to 70 Crores in nine month FY2022. The EBITDA margin stood at 49.2% for Q3 FY2023 compared to 35.1% in Q3 FY2022. The company's profit after tax stood at 80 Crore in Q3 FY2023 versus 7.6 Crore in Q3 FY2022, and Rs.107 Crores in nine months ending December 2022 as against Rs.15.6 Crore in nine month FY2022.

Now coming to the debt position of the company. Our current outstanding net debt is at 883 Crore and net debt to equity stands at 1.15, which is targeted to be reduced to less than 1 in next two quarters. Friends, we continue to expand and scale our operations and focus on profitable growth and in maintaining a healthy balance sheet. We are witnessing strong demand across both residential and commercial space, and accordingly we have planned various launches over the coming period where we expect healthy response. Also as you are aware that Marathon Group is sitting on a vast land bank across Mumbai Metropolitan Region, which we intend to utilize for development by way of asset light model for MNRL such as joint venture or joint development agreement. As such, we believe we are well positioned and remain confident of healthy growth going forward. With this friends, I would like to open the floor for questions. Thank you.

Moderator: Thank you very much, Sir. We will now begin the question-and-answer session. We have the first question from the line of Gopal Agarwal from Aagman Advisory LLP. Please go ahead.

Gopal Agarwal: Hi! Sir, congrats for your good numbers for earlier quarter. I had two questions actually to ask. One, as you mentioned that you have a good land bank sitting on your book. So can you just throw some light at how you want to or how do you plan to utilize the same in terms of launching the new project on those land banks, and question number two, with respect to price trend, can you just throw some light at what is your thought process that or what do you think, how this price trend will continue.

Chetan Shah: Just to answer your first question about the land bank. As and when an opportune time comes whatever land bank is available with Marathon Group, we are transferring it to the MNRL. Now it could be by virtue of a joint venture or joint development agreement. For example in Bhandup the two projects that we are currently executing, Neo projects, both are in a joint development agreement where 12.5% approx of the top line is shared to the land owner, which is the group company. So this is how we normally transfer the land bank to MNRL and MNRL becomes the developer of the project. The second question, Mayur will answer that question.

Mayur Shah: Good afternoon. The price trend, which we have seen across the project is quite stable kind of thing, but it has increased after the lockdown say 5% to 8% and depending upon the project's completion stage, the same project we have seen in affordable housing segment up to 5% to 8% increase for example Nexzone in ready position, and similarly in the commercial office space we have actually recently seen almost 15% jump for the ready products. So this is like, it is upward trending and it is kind of more depending upon the stage of the project, and the completion level of the project.

Gopal Agarwal: So what I understand that there is a robust demand for the upcoming project, right.

Chetan Shah: Yes, that is correct. See what is happening is there is a GST element, which is applicable on under construction project. Under construction our customers are whatever they are buying, they are paying us some money, and they are paying on top of that 5% if it is a residential project, and 12% if it is a commercial project as GST. So normally the purchaser would want to try to save that, so they would defer that decision towards the end of the project when occupation certificate is obtained, and GST is no more leviable. So that is how the situation happens, and that is how the market is working these days. So when you are close to finishing an occupation certificate is received the prices jump because there is a higher demand.

Gopal Agarwal: Thank you, Sir. I think, I have been answered. Thank you so much.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much sir for the opportunity, and many congratulations for the wonderful set of numbers. Sir, I just wanted to understand first up you mentioned about the asset light model, right. So can you throw some light, I mean, so, how you are looking to progress in terms of JDA or even it goes for reconstruction the society. So how are we looking ahead like if you look at some of the peers like Kolte Patil and all they are looking a lot in terms of JDA in the Mumbai region? So how do we look at on these aspects.

Chetan Shah: See any real estate company when they want to execute a project, they need capital. The difference between regular project where you buy land, where capital requirement is much higher against you enter into joint venture or joint development agreement with the landowner where capital requirement is less. So what we call asset light model is you do not end up paying consideration for the land, and that is what we are saying that in Bhandup where we have done the two projects, the land consideration is to be paid at the end of the project or as you go along the project. So it is a part of the revenue sharing arrangement where this happens. So in such a scenario you can do more square feet with less capital and that is why asset light model is preferred for companies to show higher turnover at the same capital. So that is how things are working.

Deepak Poddar: No, so I understand that the asset light model, I just wanted to understand what are our plans on it.

Chetan Shah: Yes. So, our plans are also as and when a project is ready to be launched, we have a JDA with the listed entity, when I am saying the land owner which is a Marathon Group company would have a joint venture or joint development agreement with the listed entity MRNL and MNRL would execute it. So most of the land bank that group company is holding is going to be converted into projects at the listed entity level.

Deepak Poddar: Yes, that is a fair point because that will kind of boost your scale, right. In terms of number of project with minimum capital required, right.

Chetan Shah: Right.

Deepak Poddar: So, how do we see the cash flows then, if you have to see over next three to five years, how would you look at the cash flows considering the project pipeline that we might have.

Chetan Shah: We have uploaded a PowerPoint presentation on our website, and we do not want to actually give any forward-looking statement here, but if you see those numbers, it is very healthy. Currently this financial year in this nine months we have already had a turnover of

546 Crore and going forward, we definitely would be achieving about 600 Crore, and if you look at the years to come there is going to be healthy growth of 15% to 20% as we have already planned from launched project, and not the new project, and on top of that there is going to be additional new projects that will be launched come festive season next Dussehra, Diwali, when some of the Bhandup projects are being planned to be launched.

Deepak Poddar: But we book revenue post-delivery right. That is the regulation we follow.

Chetan Shah: No, see that is the regulation, but from the perspective of paying income tax what we are doing is, we are doing percentage completion method. So supposing my project is completed 55%, then 55% of all the agreement value that we have entered in or whatever booking we have entered that is recognized as a revenue during that period, and cost of such revenue is also debited. So that we arrive at some sort of a profit number.

Deepak Poddar: Okay, so we are following the percentage completion method, not the delivery method.

Chetan Shah: No. We are not doing that.

Deepak Poddar: And because of the recent increase in interest rate and all. Are we seeing any kind of issue in terms of inquiries or even the footfalls or the conversion rate.

Chetan Shah: Yes, Mayur will answer that question.

Samyag Shah: Samyag here. So our enquiry levels are quite healthy and strong, in fact we had a few launches even last quarter and we have seen very healthy bookings over there as well, bookings almost crossing 40% of the launched inventory within four or five months of launch. So we are not seeing any such slowdown per se in fact what we are seeing is that we are growing more in the micro market that we have because of our track record because of our delivery being as per customer expectations, we are gaining market share in most of our micro market. So as such we are not seeing any slowdown in it.

Chetan Shah: To add to Samyag what we have seen is right now the mortgage home loan rate is between 9.9 to 9.25, if you compare that prior to lockdown was of that range only. So we also see, if it does not cross 10%-10.5% at these affordable housing and the loan taking people do not really get much affected because of this interest rate hikes, which recently occurred.

Deepak Poddar: Fair enough I got a hang of it, and whenever we go for a project what is the threshold margin we keep for ourselves in general for any project level.

Chetan Shah: At the project level we keep 15% as the margin that is what we are talking about is the cost, all the costs put together plus 15% is the sale value. So that is how we work, and what happens in real estate is the projects are all spread over three to four years and also if you make an asset light model then the IRR values are very high, and that is what is more important for us that EBITDA levels will go between 35% and 45% looking at the investment made by the company will be very low.

Deepak Poddar: So, what effectively you are saying ROC's would be very high for you, but EBITDA margin would be in the range of that 15%.

Chetan Shah: No EBITDA margin will be between 35% and 45%.

Mayur Shah: Depending upon the type of the project for example right now commercial Futurex project the EBITDA is between 45% to 50% while next affordable housing Township project we have the EBITDA is between 20% and 25%; however very high volume, but low investment Neo projects, Neo housing, the EBITDA is between 15% and 20%.

Deepak Poddar: I understood, and in terms of annual bookings, I mean, what is the annual booking we are looking at this year FY2023 as we speak now.

Chetan Shah: FY2023 we have already reached 454 Crore in nine months. So keeping the same trend it will probably reach about 600 Crore.

Deepak Poddar: In square feet I was asking.

Chetan Shah: 333000 square feet of area that we have booked.

Deepak Poddar: 3.33 lakh square feet of area, and we are looking to grow this at about 15% to 20% right.

Chetan Shah: Right, that is how we are targeting ourselves.

Deepak Poddar: My final question is, is there any other geographies also, I mean, you mentioned our majority of land bank is in and around Dombivli, Bhandup, Panvel within the Mumbai, but any long-term or medium-term plan to go beyond this.

Chetan Shah: Yes, we are looking at some redevelopment projects Mayur will throw some light on that.

Mayur Shah: Yes. In the geography I think we are very, very MMR specific your question, we do not want to go beyond MMR as of now. But one more category of project, which we would like to add is the redevelopment project specifically in a little high value kind of location, let us say Lower Parel, Worli and beyond up to South Bombay that is our target segment for redevelopment of a society, and we have already been negotiating with couple of them and hopefully it little bit a longer-term process maybe in years' time or so a couple of projects may fructified.

Deepak Poddar: Going for that would be asset light also right because land would be readily available. So we would not have to spend anything in Mumbai region. land would be about 60%-70% of your cost ideally.

Mayur Shah: Yes, that is true.

Deepak Poddar: Fair enough that is quite helpful, Sir. That is it from my side, all the very best. Thank you so much.

Moderator: Thank you. The next question is from the line of Abhishek Getam from Alpha Invesco. Please go ahead.

Abhishek Getam: Thank you for the opportunity, Sir. Congrats on good set of numbers. Firstly I wanted to ask question on Futurex. So I understand that on Futurex we are still left with 2.3 lakh square feet of area to be sold on Fururex is that right.

Chetan Shah: Right.

Abhishek Getam: How much of the area sold till now is recognized on the P&L.

Chetan Shah: I will just have a look at my paper.

Abhishek Getam: Okay, until then on the remaining square feet what we have at Futurex, how do we expect the timeline on this and how are the sort of markets looking right now in commercial, how are the enquiries coming in?

Mayur Shah: Approximately what we have right now, we have reached at almost 35th floor in Futurex and there are three more floors yet to be completed. So altogether when we will be ready with the full potential we have roughly 273000 square feet to be sold in the future quarters. Out of which some of those are already like leasing is also going on for the already occupancy ready units, and we already have close to 45000-50000 square feet leased right now, and there are some talks going on for the balance ready inventory for leasing and selling.

Chetan Shah: Just answering your question on the Futurex area 117000 is what is not sold and it has been part of inventory, out of which as Mayur mentioned 44000 is already leased and there is a new product of about 41000 square feet that we have already done, that makes the tally of the area that you mentioned about 200000.

Abhishek Getam: Second question was on our debt. So currently gross debt we are roughly at 800 Crores and we do understand that it has gone up due to the payment and the working capital requirement. But as we are saying lot of our projects are seeing good sales traction. So we expect this number coming down maybe to like 300 Crores, 400 Crores and sort of what timeline is that.

Chetan Shah: Yes, we are expecting all the debt to come down. We are sort of planning at 20% reduction every year over the next four years the whole debt can come down. But you have to understand that there are two types of debt in real estate, one is the debt which comes from the project. So as soon as the project is completed and sold, the debt get repaid and there is another debt which is on the balance sheet, which is not related to any other project. At Marathon most of our debts more than 90% of our debt is project related debt. So as soon as the project gets completed and sold that debt gets repaid. So that is how debt will be reduced, but when you take new projects, a new debt will be taken. So on a rotational basis that is how the cycle will work.

Abhishek Getam: So basically whatever project cash flows will acquire that is first go towards reduction of debt of that project, and then rest will come to the company, and then how do we plan this usage of cash flows.

Chetan Shah: So that is the new cash flow that will be available for the company to take new projects. So that is where we will be investing in either newer land or initial part of the investment in newer projects.

Abhishek Getam: Lastly, if you could throw some light on how do you look at FY2024-2025 of presales numbers and if it is possible including and excluding Monte house if you could provide that.

Chetan Shah: Like I mentioned earlier we have already uploaded a future potential of all the ongoing projects on our website with the value wise numbers and the square feet wise numbers. So we do not want to make any future looking statements; however currently we have already reached more than 600 Crores of annual revenue, we are most likely to be reaching 20% growth in the top line in the next financial year.

Abhishek Getam: Yes, sure, that is all from me. Thank you, sir.

Moderator: Thank you. The next question is from the line of Chetan Phalke from Alpha Invesco. Please go ahead.

Chetan Phalke: Good afternoon and thank you for the opportunity. First of all, thank you very much, Sir, for conducting the call and your presentations are really detailed and self-explanatory. Please keep it up sir, I mean, we have been tracking this company for quite some time, but we always struggle to get the information, so this is really helpful and one more thing, I have two questions. One is when we checked our ground, our customer feedback is really great, and we really have a great brand name in MMR in building community or let us say the consumer community as well, and if we look at our ability to execute and scale up we believe that we are definitely in the top ten builders in the MMR region, I mean, the Marathon group and it looks like the battle is being handed over to the next generation now. So I have a specific question for Mr. Kaivalya or Samyag whoever can take it. Sir, what is your view on simplifying our corporate structure or cleaning up of the related party debt transaction. How do we see that situation unfolding going forward because our parent company, which is Marathon Realty Private Limited that is much larger in size. So we are just trying to understand what is really happening and what is our thought process on this front as we move forward. Thank you.

Chetan Shah: Thank you Chetan for all the compliments that you have given us. Yes, we did realize that the potential for growth is tremendous, and we have actually not tapped the full potential, and that is why all these exercise of IR and others, that we are now executing and giving more information like you mentioned, transparency has always been a hallmark of Marathon. So, we have been giving information, but maybe we were not proactive, if you had come and asked this question, we would have answered all your questions then, but now this is a forum where questions and answers can be raised and answered. So coming to simplification of the structure that is exactly what has been happening at Marathon and like I mentioned, we are trying to move from all the other projects into the listed entity. Now what happens in the real estate is there are legacy land bank that we have already purchased in our group companies, and if we try to transfer it there would be a big impact on long-term capital gain, and big impact on the stamp duty part. So what we are doing is, we are trying to part with it in bits and pieces as and when the volume is required in the listed entity and then when the opportune time for that project has come. Most of these projects are being done in listed entity, we are not trying to continue doing any new projects in privately held companies. So that is how the structuring is, and it is getting simplified. If you see for example one of the company Marathon Millennium the project that we are doing, that was a privately held company that has been now become a subsidiary of listed entity, and there is a possibility of it merging with the listed entity, so that all the numbers come on the top line of the listed entity. So this is what is the exercise, but this exercise is a little long. So it will happen over a couple of years, but it is already on.

Chetan Phalke: Yes, sir, we saw that in your recent announcement time when we saw some transactions related to Swayam and Tambo so that is really welcome step in that direction. So incrementally most of the new projects will happen in listed entity or all the projects will happen in listed entity. How should we understand this development?

Chetan Shah: Most of the new projects will happen in listed entity already ongoing projects will continue happening in the privately held player.

Chetan Phalke: But no new launches in the private entity going forward.

Chetan Shah: Yes, as far as possible. See the question is again there should be a wherewithal for the listed entity to have. So either we have a higher equity raise in the listed entity and do much bigger project that is also one way of looking at it and we are looking at that also. So depending on the ability to finance such projects, those projects will be transferred. So I can say mostly if not all.

Chetan Phalke: Yes I was just coming to that only, I mean, till date despite being listed we really have not taken advantage of being listed and using our equity as a currency and that is reflected in our market cap as well, I mean, we can raise 500 Crores just by selling the portion of our project but our market cap itself was 500 Crores just like 6, 7, 8 months back. So do we see more because we have a strong project pipeline, and we will definitely need more capital, if you are to scale up the listed entity. So do we see the need to raise money from equity markets at some point of time in future, if not now, whenever our valuation is justified.

Chetan Shah: Yes, sometime in the future we would definitely want to look at it.

Chetan Phalke: Just one last question, just trying to understand our launch strategy, I mean, what are we thinking in terms of let us say we want to sell as much as during our launch phase or just launch and then hold on to the inventory and select an opportune time. What is our thought process because usually what we have seen in MMR is there is a temptation to hold on to inventory and take the advantage of future price increases, and what is our thought process, I mean, is there any number that for example let us say during the launch phase you want to clear out 50%-60% of our inventory or we want to sell as much as possible during the launch phase or we will take advantage of this. Just trying to understand your thought process on that.

Chetan Shah: I will just make a brief comment and then pass it on to Kaivalya. See basically we are into business of real estate and we are not into business of speculation. So we do not want to make more money out of one project, we would rather make more money out of three projects and sell as it goes rather than hold on and not sell. So whenever opportunity is there and market is there, we keep on selling. However, let Kaivalya throw some more light on this.

Kaivalya Shah: Yes. Specifically about your question, every project has its own way of launching for instance project in Bhandup we sell a lot in terms of our launch. So it could be around 30% to 40% is what we sell during launch. Whereas in our luxury we do not sell as much again it all depends upon how we want to market it. For example every specific project we break it down into multiple smaller projects and then do the launch, it all depends upon the kind of cash flow that we want. So to ensure every project has its own percentage in terms of how much we want to sell during the launch, but as Chetan said we are not into speculation, if at all we see an opportune time where we feel that we want to sell a huge amount to generate a lot of cash flow that is what we would do, and Samyag also would like to throw some light on it.

Samyag Shah: Just a couple of points beyond what Kaivalya has said, that the general price trends while they have increased the opportunity cost of holding it versus finishing it and reinvesting it I think we are seeing more benefit in doing the first which is reinvesting the proceeds into new projects. So given that we would like to sort of generate the cash flow and put it in new projects. However in the last two years we have at least in the mid income in the affordable we have seen a lot of commodity prices escalation as well, and there is one thought which is there should be some cushion in a specific building or a project where you have a certain percentage of the inventory, which you just sell closer to completion or nearer to completion so that you can maintain your margins in a situation where you have sold 100% then if you see a lot of price escalation that can have an impact on margin. So we keep balancing between that and whatever helps us maintain our margins while at the same time selling well and completing the project faster I think we would go ahead with that.

Chetan Phalke: Sir at a company level, at a blended level, what kind of margin we want to protect going forward let us say at an EBITDA level or any other number that you are aiming for.

Chetan Shah: You are talking about EBITDA margin.

Chetan Phalke: Yes.

Chetan Shah: So in commercial segment just to repeat what Mayur had already mentioned. In commercial segments we have 45% to 50% EBITDA margin, what has happened is the land has been historically bought. So the cost of land is lower, so we are generating about 45% to 50% EBITDA margin in commercial project. In the Nex brand, which is affordable segment in our Township projects we are making about 20% to 25% EBITDA margin, and in the most affordable segment, which is the Neo where the cost of premises is about Rs.60 lakh or lower there we are making 15% to 20% margin. So these are variations and then of course if you try to do it in quarter-to-quarter and year-to-year the numbers changes depending on the progress of the project.

Chetan Phalke: Sir, I just have one more last question if I can squeeze it in. I have a question on Bhandup, I mean, it is a huge project, it can be a potentially huge pipeline for us going forward, I mean, it can continue for the next 15-20 years given the size of the parcel and the size of the project, and SRA 10 be a big thing from what we understand or from what we read in the newspapers, and already we do have a track record of executing the projects in that area, and others have not really been able to execute like Marathon. So what is your vision on

Bhandup and can it be a game changer for the company going forward. I mean, can it really meet both of our incremental growth over the next decade I am just trying to understand our thoughts on the SRA projects and the profitability on SRA going forward.

Chetan Shah: Three years ago when we sat on the table and try to work out where the turnovers are going to come from in the future, we realized that most of the turnovers in Mumbai real estate is going to come from redevelopment projects. Now redevelopment projects could be redevelopment of societies or redevelopment of slum and we saw that it is easier to get into redevelopment of slums because the parameters are already fixed by the government, the size of the flat to be given, the rental to be given, and to be delivered. So all those numbers and things are not left to negotiation, while in redevelopment of societies each society is independent and in each society there would be 100 people everybody would have different thoughts on that. So easier process was slum redevelopment and that is how we entered a slum redevelopment process and at currently we have a land bank of more than 100 acre which is rightly mentioned by you it can continue for 15 years or so even more. The idea is to get that experience in next five years to set up the team, currently we have 800 odd employees and our team can actually go into the slum, do the survey, actually talk to the people, get the agreement signed, we are not hiring any outsourcing agency on this, that is one of the important thing in Marathon, that whatever we do everything has been built in-house and we have this ability to do that. So the first few projects are little slower because we are building up our capability. But now everything has set into the cycle and things are happening on a routine basis. So in Bhandup you would keep on saying maybe every three months some projects or one of the phases of each project getting launched. So that is how we see the progress happening. As for the margin, yes, the margins are very low. So one has to be very careful about selling in advance and delivering at a future date because as Samyag mentioned, sometimes the commodity prices like cement and steel they grow very fast and they get into our cost structure at a high level, and the margins get squeezed. These are something which gel well with Marathon philosophy of not only generating profits, but also doing something for the society, and if you see the project that we have delivered and people living there, particularly the rehab building where earlier they were living in slums, and the kind of feedback that they give us, that gives us more pride than of course the money and money is also there, I am not saying that we are doing it for charity, but that is what is the philosophy at Marathon.

Samyag Shah: Also to add to it, the biggest advantage that we have in Bhandup also versus other builders across Bombay is most of the land is owned by our group company. So in terms of we reduce a few steps in the whole process also around the slum rehabilitation we have actually developed a whole team of around 50 to 70 people who can actually directly interact with the people living in the slum, we have our local offices also in the slum. So in terms of gearing up for future projects and development in Bhandup slum we are all geared up to do that.

Chetan Phalke: Got it, but what is the, I mean, I am not asking for any particular guidance per se, even I am not going to hold you for it. But for the next over the next 15 years or so, what kind of revenue potential does this project has, I mean, particularly in the Bhandup one.

Chetan Shah: It is huge, it is humongous, if you try to look at the 100 acre and try to convert that. If it was to be converted today that would be huge. So there is no point in discussing that, but yes, it will contribute to 30% of our turnover over the years that is what we feel currently it is very small percentage, but it will keep on growing.

Chetan Phalke: Yes, sir, we tried to calculate that, that is how I am asking this question.

Chetan Shah: Yes, I understand it is a smart question one Chetan to another Chetan, yes.

Chetan Phalke: Just one last quick for Kaivalya and Samyag because I think now over the last ten years the Mumbai real estate has its own challenges and went through a down cycle and now things are looking brighter comparatively. So, by the end of this cycle, I mean, as things are looking good for the next five to seven years. So by the end of this cycle where do we see what is your view for Marathon group where should we in terms of let us say pre sales or let us say the square feet launches over the next 5, 6, 7 years and along with Bhandup I have been to will we see more projects in the MMR especially in the Panvel region because of the trans harbor and other connectivity airports and other info projects, which are coming up in that area.

Kaivalya Shah: So the thing is infra is getting developed in Panvel area and the land parcels that we are talking about the group has more than 100 acre is within 10 kilometers of the new airport that is coming in. New planning authorities has already been established at Nina the airport neighboring authority and they have also come up with their future plan. So all these things are going to take place in next five years or so, when the airport is also likely to be ready. So these will impact that. So we are geared for that, we are not going to be launching anything very soon in Panvel, and like you mentioned we are looking at a couple of redevelopment projects in the city that is the Lower Parel and further South, South Bombay. So if those redevelopment projects come up that will also contribute towards the future turnover. If you want to add Samyag.

Samyag Shah: Just to add to that, the guidance or the aim so to say has already been given that we would like to grow upwards of 15% year-on-year, but I think some things that we have also learned from the past is that we want a healthy profitable and sustainable growth. So while there are a lot of different opportunities having a healthy balance sheet, having profits in the project, because real estate has its inherent risks. So having the risk mitigated I think those are the broad directional points that we will keep in mind while growing in the future.

Kaivalya Shah: Yes, to add to that also since the time Samyag, me and also Parmeet joined the organization we have seen lots and lots of ups and downs, we have seen demonetization, GST regime, RERA coming in, COVID. So I think we have seen a lot in our tenure itself and I think the three of us are definitely geared up to take it to the next level, that being said we are also gearing in terms of the machinery of the organization, we are bringing in the new systems ERP, SAP and we are implementing a lot of the smaller software within the organization that throughout data using which we can perform better in the coming years. So these are some ways in which we are geared up of course we have a land bank at amazing locations Panvel, Bhandup, Thane as we mentioned in our presentation. So these are locations that cannot fail us ever because these are in the middle of the growth spot which is Panvel, Thane and Bhandup. So I feel in terms of machinery is ready and raw materials something we have. So I think there is no stopping.

Chetan Phalke: Great, sir. Thank you, Sir. Thank you for patiently answering all my questions, and I wish you all the best.

Moderator: Thank you. The next question is from the line of Dev Ajmera an individual investor. Please go ahead.

Dev Ajmera: Hi! Sir, good afternoon. Congratulations for the good set of numbers. Sir, I wanted to inquire about what is the update on the Borivali property. There was some litigation with the government on that.

Chetan Shah: Just to brief you on Borivali property, it was a part of the property acquired from Khatau Mill and it was already litigated when we acquired it. So it was through BIFR that we had acquired it and it was already litigated in the sense that government claimed that the whole land belongs to government under Urban Land Ceiling Act they had already acquired it, and while Khatau kept on saying that, no, you have not acquired it in time. So all these difficulties were there. So in that process we at our listed entity we have exited from Borivali property. So Borivali is not going to be part of our development anymore.

Dev Ajmera: But in one of your annual reports you said that while the company would continue to execute as a partner on the ongoing Byculla project the company would withdraw its investment from the Borivali project and let its partner develop the Borivali project. So your partner which is your JV in the present Byculla project would continue to develop the Borivali project also.

Chetan Shah: Well whether the Borivali project gets developed or it does not get developed that is not something that is our concern anymore, but, yes, now we are not part of it, our partners fully handles the Borivali property. While we continue to be partner with Byculla.

Dev Ajmera: But from that land we get some amount or not.

Chetan Shah: Yes, we got, all our investments and everything is back. So we have already collected that money that is already reflected in the previous quarter and this quarter also in the notes it has got reflected.

Dev Ajmera: Okay. Thank you, Sir. Thanks a lot.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, Sir.

Chetan Shah: Thank you very much all the investors for participating in today's conference. It was a learning experience for all of us, and we look forward to seeing your support in future conferences. Thank you.

Moderator: Thank you, Sir. On behalf of Marathon Nextgen Realty Limited that concludes this conference. Thank you for joining us, and you may now disconnect your lines.