Operator: Good morning to everyone present here. Today is the fourth and last day of the Bharat Connect conference, September 26, and I welcome you all to the call of Marathon Nextgen Realty Ltd. From management, we have Mr. Kevalya Shah, the Director, and Mr. Shreyas Bassi, the CFO of the company. Before I hand over the call to management, I will lay out the flow of the event. We will start with a brief introduction to the company by management and then move forward to the Q&A round. Thank you, and over to you, sir.

Kevalya Shah – Director: Hi, good morning. Am I audible?

Operator: Yes, sir, you are audible.

Kevalya Shah – Director: Great. Let me quickly introduce myself. My name is Kevalya Shah, and I am from the promoter family of Marathon Nextgen Realty Ltd. Marathon has been in construction for the past 55 years. Our listed journey started when we acquired mill land in Lower Parel in the early 2000s. Instead of acquiring the land directly, we acquired the company that owned the asset, which was 6 acres of land in Lower Parel. The company we acquired was Piramal Spinning and Weaving, and we renamed it Marathon Nextgen. Historically, we had been conducting our real estate operations through our unlisted company, Marathon Realty Private Limited.

In March 2025, we decided to consolidate all our operations, which is what the merger scheme is about. At the same time, we also raised around 900 crores through a QIP as growth capital. Of the 900 crores that we raised, we used 300 crores, {? 340 crores ?}, to repay the debt that we had, 300 crores for accelerating existing projects, and 300 crores for new acquisitions.

Since then, following the fundraise, which took place at the end of June or early July 2025, we have acquired three projects totaling around 1,800 crores of GDV. One is in Versova, which is a 450 crores project. The second is in Sewri, which is a 450 crores project. The third is in Kanjurmarg, which is an 840 crores project.

To give you a brief overview of the projects and assets of the company, Marathon operates across Mumbai and the MMR, with nothing outside the city. Marathon operates in geographies such as Byculla, Lower Parel, Bhandup, Mulund, Dombivli, and Panvel. These are primarily all the areas in which we operate.

Our product segments include large offices. Our flagship project in Lower Parel is called Marathon Futurex, where the average size of an office is typically 25,000 square feet and the rate realization is approximately 55,000 per square foot.

In Byculla, we are developing residential property. Byculla is a 12.2-acre land parcel where we are developing both residential and commercial property. Overall, it is a 25 lakh square feet development with four residential towers of 64 floors and one large commercial development of 8.5 lakh square feet. That is Byculla.

In Panvel, we are currently developing a project across 25 acres. We are in the last leg of the project. Overall, there are around 19 towers there. Fifteen towers have already been developed, and we are developing the last 4 towers.

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In Bhandup, within the listed entity, we currently have 20 acres of land. This is primarily slum rehabilitation. We have already executed two projects here, and two more projects are currently under development.

Regarding the merger, around 418 acres are coming into the merger, along with certain ready-to-move-in assets. These are commercial assets in Lower Parel that are ready, with no cost to be incurred, along with two projects in Lower Parel. Overall, those are the assets coming into the merger.

To give you some quick portfolio numbers, we have approximately 13,000 crores worth of inventory in the listed entity. Of that, 1,200 crores is ready to move in, or requires no cost to be incurred for selling or developing the inventory. Around 2,000 crores has already been launched, which we refer to as RERA-registered or launched ongoing projects. Around 10,000 crores is yet to be launched over the next 5-7 years.

Post-merger, we will have around 418 acres to develop across Mumbai, as well as two projects in Lower Parel. In a nutshell, those are the assets under management as well as the assets that will come through the merger.

I have explained the assets, the merger, the QIP, and the acquisitions made over the last few quarters. To give you an idea, our pre-sales last year, which is what we track, were around 1,000 crores. This year, we anticipate a number higher than that.

Regarding PAT, our PAT has always grown from 120... Last year's PAT was around 205 crores, and we have always shown growth in terms of PAT. On average, we operate at an EBITDA margin of 35% across our portfolio.

In a nutshell, this is the company, its assets, and its operations.

Regarding the promoters, there are 5 people in the promoter group: Mr. Chetan Shah and Mr. Mayur Shah. Mr. Chetan Shah was the pioneer in the acquisition of mill land and undertook a large number of acquisitions. Both Chetan Shah and Mayur Shah are engineers, and Chetan Shah is from IIT Bombay. Mayur Shah and Chetan Shah have both completed their postgraduate studies in the US.

The next generation includes myself, Kevalya, followed by Parmeet and Samyak Shah. This is the promoter family, and everyone is very involved in the operations. Typically, we divide our areas of operation among ourselves. It is a very clean structure with 5 promoters who are hands-on in the company. That is all from my side. I would like to open the floor for Q&A.

Operator: Thank you very much, sir. I would request participants with questions to raise their hands or write their questions in the chat box. We have received a few questions in the chat box. The first question is: What is the launch pipeline for the next 4-6 quarters in terms of projects, area, GDV, and timelines?

Kevalya Shah – Director: Over the next 1 year to 1.5 years, we intend to launch around 550 crores in Bhandup. That is the GDV of Bhandup.

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Regarding the two acquisitions we made, Versova and Sewri, those two projects will be coming in either 1 year or 1.5 years. Together, they represent an additional 900 crores of GDV.

Kanjurmarg, the project we acquired, was an ongoing project, and we have been seeing profits from it starting in Q1 FY27. It is an ongoing project, so we will also be seeing pre-sales from there.

That being said, within perhaps 1.5 years, we will also be launching the commercial inventory in Monte South, which is the Byculla project. The GDV of that would be around {? 3,400 crores ?}.

Operator: What is your land bank and saleable area in hand, and how many years of inventory does it represent?

Kevalya Shah – Director: I do not want to discuss the merger right now until it is completed. That being said, within the listed entity itself, we have enough work in terms of launches for the next 6 years as per our plan. That is sufficient.

Our merger is expected to be completed within the next 6-8 months. Post-merger, we will have a lot of raw material, which is the land bank coming through the merger, totaling 418 acres. The area that will be developed from that will be sufficient for many years.

That being said, we also want to acquire more projects from our surplus cash flow. To give you a specific number, from the unsold inventory of our listed company, we have around {? 46-47 lakh square feet ?}, in addition to the 418 acres that will come through the merger.

Operator: What are the approval bottlenecks, such as IOD, CC, OC, RERA, or environmental clearance, and how long do they typically take?

Kevalya Shah – Director: Let me address this project-wise. In Bhandup, to develop a land parcel from inception to RERA registration, which is what we track, a standard process typically takes around 16-18 months. That being said, we are trying to reduce that timeline to 12 months. That is why you would have seen some inventory being launched in Bhandup since the QIP.

The end of {? FY27 ?} or perhaps the beginning of {? FY28 ?} is when we anticipate larger launches in Bhandup, because of our TAT.

Regarding bottlenecks, Maharashtra previously had a significant bottleneck in environmental clearance, which has now been resolved. Therefore, I do not see or anticipate any environmental clearance issues here.

The remaining approvals are standardized processes, and we do not see any hiccups, particularly within the projects. To give you an understanding of the organization, we have a licensed architect within the organization. Therefore, we have complete control over the approvals, and we obtain approvals from multiple government departments, including the TMC, SRA, building proposal authorities, and MMRDA. These are the 4 areas in which we operate. In terms of our expertise, we operate across all these areas.

Operator: What is the construction progress and delivery timeline of the key ongoing projects? Are we expecting any delays or RERA extensions?

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Kevalya Shah – Director: Right now, just to give you an idea of the key project, being...

Management: Bhandup South, where I mentioned the 4 towers—Towers A, B, C, and D. For Tower A, we have already received the occupation certificate. For Tower B, we have received a part occupation certificate up to the {? 45th ?} floor. By the end of the year, we expect to receive the complete occupation certificate for Tower B.

Regarding Tower C, as we were discussing, Tower C is currently at 30 or 32 floors in terms of RCC. Construction progress is moving extremely fast, especially after the fundraise and the decent sales achieved this year.

Regarding any RERA delays or extensions, we have not had any issues of that nature across our projects. There are no issues.

Regarding Panvel, we received occupation certificates for a few towers last year. We received occupation certificates for around 2-3 towers. Therefore, we are well within the RERA limits and are progressing at a decent pace.

Analyst1: Sorry, we have covered the construction progress and delivery timeline. How do you manage construction cost inflation, and how much of it is passed on to the customer?

Management: I am sorry, I did not understand the second part. What do you mean by passed on to the customer?

Analyst1: I mean, if there is any price hike or anything, does the customer have to pay for it?

Management: Marathon works in a slightly different way compared with other real estate organizations. Marathon has around 800 employees, of whom more than 600 are construction engineers or construction-related staff. Overall, we have a complete PMC within the organization.

Typically, when a developer outsources construction, costs can go haywire. For example, during difficult periods such as COVID, or in the event of environmental clearance issues or delays in approvals, a significant idle charge is applied to the developer.

In our case, we have {? a ?} construction operation that is carried out entirely in-house. From that perspective, idle charges or escalation costs are not applied to us.

Second, we also manage the entire procurement process. As I mentioned, the PMC is within the organization, and procurement is also handled by us.

Of course, there were price escalations due to the war. However, those escalations as a percentage of the project cost were negligible and very manageable.

Regarding your second question about where we load that cost onto the customer, the rate per square foot in any micro-market depends on the prevailing rate in that area. Therefore, there is no way to load that cost onto the customer.

If there is a rate escalation, we absorb that escalation. That being said, our costs are very much under control, and our construction costs are probably lower than those of our peers.

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Whenever we acquire projects, we ensure that they fit our matrix, where the margins are decent. That also helps us during difficult periods.

Analyst1: What kind of IRR do we look for when we acquire projects?

Management: We typically look for an IRR of 25%–30%. There are different types of projects. For example, if you acquire land, the IRR changes. When you undertake society redevelopment, the IRR is slightly higher.

We always want to have a mix in our portfolio where the average IRR is between 25% and 30%. In many society redevelopment projects, the gestation period before a project takes off is slightly longer. In contrast, in a land purchase or similar project, the entire project is under our control.

Therefore, having a mix makes the EBITDA—sorry, the IRR margin—between 25% and 30%.

Analyst1: What is the share of the pipeline from redevelopment, JVs, JDAs, or outright land purchases?

Management: Sorry, what was the last part? I missed it.

Analyst1: I am sorry, I missed it.

Management: If you could repeat the question, please?

Analyst1: What is the share of the pipeline in redevelopment, JDA, and outright land purchase?

Management: In terms of land, all of Bhandup that we are developing is a land purchase, so it is private land. It is also a private SRA development.

In terms of the definition, while the land is private, it is still an SRA redevelopment. However, as the owner of the land, no one can take the land away from us. That is the difference between collector SRA land and private SRA land.

Marathon owns around 130 acres coming into the merger and already owns 20 acres in the listed entity. Overall, that represents 150 acres of slum land within Bhandup.

Considering that the 150 acres is private land, no one can remove us as the owner without paying us our dues. That is the difference between collector SRA land and private SRA land that I mentioned.

Every project within Bhandup is being undertaken on our company's land. Regarding Panvel, Panvel is completely owned by us. Whether you consider the 205 acres coming through the merger or the existing 25 acres that we are developing, it is owned by us.

The only two society redevelopment projects we are undertaking are in Worli and Sewri, and we intend to grow our portfolio in that area.

In a nutshell, everything is owned by us except for the new Worli, Sewri, and Kanjurmarg projects. These are being undertaken through partnerships or society redevelopment arrangements.

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The Byculla project, which comprises 12.2 acres, is a joint venture with the Adani Group, where we have a 40% share and the Adani Group is a 60% equity partner.

Everything else is owned and developed by Marathon.

Analyst1: Coming to the commercial real estate side, what is our leased area, occupancy, and rental yield?

Management: Although we might undertake temporary leasing, our model is not to earn annuity income. Our model is to sell, and we are very clear about that.

Therefore, we do not track how much area is leased or what the annuity income is, because those are temporary incomes. Essentially, when we lease something, we sell it in the next quarter.

Therefore, while you might see some lease income for a few quarters, you will not see it in the next quarter or in the quarters thereafter.

Analyst1: Yes, sir, you are audible.

Management: I have answered that question.

Analyst1: What rental yield are we expecting?

Management: As I said, we do not track that because we are not in that business.

Analyst1: What is the extent of related-party transactions and inter-group loans with other Marathon Group entities?

Management: We did have inter-group transactions and related-party transactions, but all of that will be squared off with the merger. A clean structure will come through with the merger. There will be no inter-group borrowings or inter-group related-party transactions once the entire merger is completed.

To give you an idea, whenever the merger is approved, which I mentioned should be within 6-8 months from now, the effective date will be January 1, 2025. Therefore, every sale from January 2025 will be reflected in the books.

Also, to give you an idea, around 2.33 lakhs of commercial inventory in Lower Parel, which is ready to move in, will come through the merger. Of that 2.33 lakhs, we have already sold more than approximately 80,000 to 1 lakh square feet.

Therefore, around 400-500 crores worth of inventory will also come through in terms of profits and revenue when we restate our books starting January 1, 2025.

Analyst1: Mr. Abhinav wants to know what we are awaiting in terms of the final NCLT filing, registration, and formal closure. When are we expecting this?

Management: To explain the process, we received board approval for the merger in March 2025. Since then, we have received approval from the BSE and NSE, followed by SEBI approval.

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Subsequently, on September 7, we received the equity shareholders' approval for the merger. The unsecured creditors' approval was received, I think, on September 8.

With those approvals, we have now refiled with the NCLT. The file is now with the court, and we are waiting for the hearing to take place.

Regarding the risks associated with the merger, everything has been mitigated. At this stage, I would describe it as an administrative process.

Analyst1: I hope that answers your question, Abhinav. What is the promoter holding, are any shares pledged, and are any changes planned?

Management: As we speak, the promoter holding is around 55%, and no shares are pledged. Post-merger, the promoter holding will increase to around 75%.

Analyst1: That is great, sir. Does anyone else among the participants have any further questions? As there are no further questions, it was a very insightful session, and I would like to end today's session here.

I would like to thank the participants and management for sparing their time and sharing insights about the company. If participants have any further questions, they can get in touch with our InCred Capital team, and we would be happy to help connect them with the company. Thank you.

Management: Thank you, everyone. Thank you for participating.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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