



**“Man Infraconstruction Limited
Q4 FY23 Earnings Conference Call”**

May 10, 2023

MANAGEMENT: Mr. Parag Shah - Chairman Emeritus

Mr. Manan Shah – Managing Director

Mr. Ashok Mehta - Group Chief Financial Officer

**Mr. Yashesh Parekh - A.G.M. - Investor Relations & Corporate
Finance**



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Moderator:

Ladies and Gentlemen, good day and welcome to Q4 and FY '23 Earnings Conference Call of Man InfraConstruction Limited, hosted by Go India Advisors. 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 star then zero, on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Yashesh Parekh, AGM, Investor Relations and Corporate Finance from Man InfraConstruction. Thank you and over to you, sir.

Yashesh Parekh

Thank you. Good afternoon, everyone. A warm welcome to everyone attending the Q4 and FY '23 Earnings Call of Man InfraConstruction Limited. We have on the call Mr. Parag Shah, the Chairman Emeritus of the company, Mr. Manan Shah, the Managing Director of the company and Mr. Ashok Mehta, the Group CFO of the company.

Participants, we must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk that the company faces. I would request to refer the safe harbor statement shared in the investor presentation, for the same.

Now I would request Mr. Manan Shah, the Managing Director of MICL Group, to take you through the business and performance of the company. Thank you and over to you, Manan.

Manan Shah:

Good afternoon to all our listeners. I, Manan Shah, the Managing Director of Man InfraConstruction Limited welcome you all to this Earnings Call. Financial year 2023 has been one of the most eventful years in the history of MICL Group, where the company has achieved a significant number of milestones, in a single year. We have recorded one of the strongest collections this year of INR1,448 crores. This year, our company has set the bar higher again by delivering not only one or two projects but five, in an attempt to break the records in the real estate industry.

We have delivered three residential projects and two commercial projects in the year 2022-2023. First, 'Aaradhya High Park', located near Dahisar check-naka, delivered on November 2022, here we handed over four residential towers, out of total six. Secondly, we delivered a commercial tower naming 'Aaradhya Primus' at the same location near Dahisar check-naka.

We have also delivered another residential project, 'Aaradhya One Earth', which is located at Ghatkopar East, in January of the year 2023, where we completed and delivered two residential towers out of seven. We have also delivered, one more commercial tower naming 'Aaradhya Square', which is located at Ghatkopar East. Our latest completion also included a luxury collection project, 'Insignia', which is located at Vile Parle West.

As our motto says, live better, we always strive to achieve the world-class quality of construction and embed the experience of our company's legacy into developing an uber luxury real estate



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experience, making us a customer-centric company. Believing in this philosophy, we have delivered all of these five projects. This milestone sets a record for our company by delivering ~7,10,000 square feet of carpet area, wherein all the projects were delivered at least 12 months before the committed timeline.

To highlight, one of our luxury projects located in Vile Parle West, naming 'Insignia', was delivered in fact 1.5 years ahead of the delivery schedule. This sets a record in the industry and we are confident to try to create these records for our future deliveries as well. Our in-house construction team, with over 50 years of experience, helps us in shaping our ideas into reality.

This business model, not just enhances our productivity of delivering projects ahead of the time schedule, but helps us in crafting spaces with efficiency and excellent quality of construction. This in turn adds us, in improvising our cash flows and getting robust collections.

During the financial year of 2023, we have launched three new projects across different categories, with a carpet area measuring 7,22,000 square feet. This has also broken our own records of launching of total 7,22,000 square feet, in a single year. We have also launched a project called 'Aaradhya Parkwood', measuring approximately around 3,00,000 square feet of carpet area, which is located near the Dahisar check-naka, where we are targeting the middle income and the upper income segment, and I am very happy to announce that, the project is already more than 50% sold out during our launch period. MICL Group has also launched an ultra luxury project in the vicinity of Juhu called 'Aaradhya Evoq', and in which, that project is also sold more than 65% as on date. In our other project at Mulund, naming 'Atmosphere O2', we have recently launched a new tower and we are experiencing a flow of steady bookings for the same.

During the financial year, we sold 4,34,000 square feet of carpet area, across all our ongoing projects, with a sales value of INR992 crores. In this approximately 60%, of the sales were contributed by our new projects launched during the year.

Now heading towards our most awaited project launch, 'Aaradhya Avaan', which is located in the region of South Mumbai, Tardeo. I am happy to announce that, the construction activity has begun in full swing. We have acquired most of the approval for the launch of this project and we shall hit the market soon. The experience center is completed with a show flat and both of them shall be open for viewing for our customers as we progress for the launch. Our team is prepared and we are geared up to hit the market in the near future.

The launch of 'Aaradhya Avaan' project shall create history and we are very proud to say that, this can be the tallest tower of India. We have envisioned this project as an architectural icon, which will set the mark on the global skyline and we are confident to achieve this vision, with a record breaking timeline, as our previous projects. We have also received the height approval for the complete tower, which is more than 300 meters.



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In such a short span of time, we have developed a strong goodwill amongst our customers, channel partners, where more than 90% to 95%, of our inventory, in majority of the projects and the entire inventory, in few of our projects, is sold out and not forgetting the most important factor that, each project is delivered before time.

Currently, we are having 2.9 million square feet of portfolio in ongoing and upcoming projects, catering to diversified customer groups, location and categories, ranging from the middle income segment to the uber luxury. Our presence in real estate portfolio ranges from Tardeo at South Mumbai to Mira Bhayandar. The other suburbs include Mulund, Ghatkopar, Juhu and Vile Parle. This displays a diversity of catering to varying income groups. We also have another 1.7 million square feet of projects in the pipeline.

Moving on to the EPC division, we delivered phase II of the IPRCL project measuring 10 hectares. During the year, we also delivered 1.2 million square feet of construction area in 'Aaradhya HighPark' project by completing four out of six residential towers and one commercial tower 'Aaradhya Primus'. We also recently completed and delivered the project 'Insignia' in Vile Parle West in May 2023, which was 19 months before time. The execution of the BMCT phase II project at JNPT Nhava Sheva, Navi Mumbai is on track and ongoing as per the schedule. Currently, the order book of the EPC project stands at INR980 crores plus, as on March 2023.

Now sharing some light about our international portfolio, in the last fiscal year, our subsidiary company MICL Global, in a joint venture launched 'Edition Residences', the first branded project by 'Marriott International' at the location of Fort Lauderdale. The project measures 1,75,000 square feet of saleable area and is seeing excellent response from customers and seeing a very good footfall, at our sales office.

Our other projects such as Urbin at Miami Beach and Ponce at Coral Gables are in the initial stages of approval. The company has invested around \$25 million in the US portfolio, as on March 2023 and we see an excellent potential and expect good margins coming out of these projects. The expected project timeline should vary between three years to five years from today.

Let us run through the highlights of the consolidated financials of the company post, which we can do a question and answer round.

In the last five years, the consolidated revenue from operations has grown more than 5x. Both the divisions - EPC and Real Estate division have grown by approximately 50% CAGR between financial year 2019 to financial year 2023. Financial year 2023, records 97% growth year-on-year in revenue from operations to INR1,890 crores. Both divisions contributed nearly 50%, to the top line.

Real Estate revenue from operations grew by 52% year-on-year to INR972 crores. EPC revenue from operations or the contract revenue, grew by 186% year-on-year to INR918 crores, mainly driven by the fast execution of the BMCT project of ports, followed by the residential projects



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of Dahisar and Mulund. Consolidated EBITDA also witnessed a strong growth of 67% year-on-year to INR413 crores. Like-to-like consolidated net profit has registered a robust growth of 137%, year-on-year to INR259 crores, for financial year 2023, after removing the positive impact of the BOT claim, which we received in the fiscal year of financial year 2022.

The strong profitability of the company and record collections resulted in strong cash flow from operations of INR448 crores, for the year March 2023. The company also consistently focused to reduce debt and improve liquidity, which has helped in maintaining balance sheet strength. In FY 2023, there has been consistent debt reduction in each of the last four quarters mainly through internal accruals with good profitability and strong collections, which have resulted in a significant secured debt reduction of INR313 crores in FY 2023.

The company continues to be net cash positive and has liquidity of INR300 crores plus, as on March 2023. Overall, we will continue to undertake projects that, adds to the top line and strive to improve profitability and maintain balance sheet strength going forward. Thank you and now, we are open for further questions and answers.

Moderator: Thank you very much. We have our first question from the line of Manish Ostwal from Nirmal Bang Securities. Please go ahead.

Manish Ostwal: Yes. Thank you for the opportunity and very strong set of numbers for the financial year 2023. Many congratulations to Manan and your team, to deliver strong operating performance. My first question on the EPC order book side, so the order book has declined from the December 2022 from INR1,325 crores to INR980 crores in March 2023. So how one should think about the order book growth and the EPC revenue growth in FY '24 - FY '25, over the medium term because we are continuously increasing our real estate portfolio. So how should we look at this revenue, this line of business in terms of growth, for the next couple of years?

Parag Shah: Good afternoon. This is Parag Shah. As far as the EPC order is there, we are in a pipeline of a few orders on the infrastructure side. We are expecting the few orders to get confirmed by this month end and the tender process is already over. So let's wait for that, as far as the infrastructure side is there. We also have our own EPC contracts from our own real estate division, which we are expecting to start 2 to 3 new projects in the coming six months time. So that order book will also continue. I am not worrying on that the order book will reduce. In fact this year, we believe that, the order book on the EPC side will also further increase. Thank you.

Manish Ostwal: Sure. The second sir on your upcoming project pipeline Can you specify the carpet area of two projects, luxury projects in Vile Parle and luxury projects in Ghatkopar? You mentioned, the other two, but these two, it is not mentioned in the presentation.

Parag Shah: Vile Parle we are working on a DM model. The total construction area is approximately 15,00,000 square feet plus and the total carpet area for sale is around 4,00,000 square feet, which we are expecting that, the project should start by September. Sorry I forgot, what about the second project mentioned?



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- Manish Ostwal:** The Ghatkopar luxury project?
- Parag Shah:** The Ghatkopar luxury project is under the signing, so it is yet not signed, but any moment, we are paying the stamp duty and the document will get registered and then, we will declare.
- Manish Ostwal:** Sure. And this project launch of 'Edition residences' in quarter 2, FY23 in Florida. So how much, how do you see the sales potential from this project, at a consolidated level for the company?
- Parag Shah:** Project has yet not launched for the sale, some of the primary sale has been done over there, but approximate between the two large projects, one at Coral Gables and one at Fort Lauderdale, the top line of the company, where we are a partner into it, should be somewhere around \$700 million.
- Manish Ostwal:** Okay, and sir, any update on the timing of equity raise of INR500 crores?
- Parag Shah:** No, we are not raising any equity, we are not intending to raise any equity immediately.
- Manish Ostwal:** Yes, good to see the presentation piece on the 'Aaradhya Avaan' and all the best to team Man Infra, for such an iconic project. Thank you.
- Parag Shah:** Thank you very much.
- Moderator:** We have a next question from the line of Khushbu Gandhi from Yes Securities. Please go ahead.
- Khushbu Gandhi:** Sir, thank you for giving me the opportunity. So my first question is like, it's surprising to know that there is no debt in your book. So just wanted to understand that, how sustainable it is going forward because we have Tardeo project kicking in and also the EPC order book. There also, we may be having some working capital requirements. So do we expect that, going forward our debt would be increasing and when we receive this project or will we be having more debt going forward also?
- Parag Shah:** Many people are surprised many times that how this company is performing without a loan. But mainly like as far as what, we had asked the question on Aaradhya Avaan, there also we are on a DM model. The equity participation from our side is completed. If the further equity will be required, there is a bank loan provision, but that loan will not come on the balance sheet of 'Man' because the loan will be taken by the landlord. So on his company, the loan will be there. So we do not have any burden of loan.
- As far as last 30 years track record, yes, we have been able to perform without debt. At present, with the current today's position, INR140 crores is a loan in the different subsidiary companies, but we also have that much liquidity with us. Some of the loan has been taken as an OD facility, just to maintain the banking relationship or for a future opportunity. So that's, the business model over here. We do our own EPC projects also. We do that much projects only, what we have a



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capacity to invest and we may also choose partner. If required, we always take partners in our various projects and we don't go for the loan. Thank you.

Khushbu Gandhi:

And Sir one more question. So now, when we see that interest rates has been panning to its peak and now, the affordability of the consumers are also taking a higher side like the expense side. So how do we foresee demand going forward in FY '24? Is it going to little bit settle down or the demand will be good in FY '24 and FY '25?

Parag Shah:

See, it is case to case as far as Mumbai is concerned. I know many developers, they do not have a sale. I know many other developers, who have a steady sale. And I also know many developers like 'Man Infra'. When we launch the project, we have been able to sell more than 50% of the products, in the pre-booking only. So it cannot be a general statement. But the real estate market, is doing good, since last two years. And I personally, believe that it will continue for next two years to three years.

If the good product is there, the product salability is there. It all depends on your design. It all depends on your location. It all depends on your track record and the quality of work. And we have been able to succeed since so many years. And we would like to maintain that. Thank you.

Khushbu Gandhi:

Thank you, sir.

Moderator:

We have a next question from the line of Mayur Liman from ProfitMart Securities. Please go ahead.

Mayur Liman:

Thank you for the opportunity. My question is on the expenses side. Margin was disturbed due to the increase in the expenses. The cost of materials and the other expenses increases, during the quarter and the year. Is there any reason for that, sir?

Ashok Mehta:

See, for EPC and real estate, what we have to see is on the annual basis, what we always say. Because on quarterly basis, from project to project basis, then it is combination of all the projects. Some projects may be there at initial stage. Some may be at the advanced stage. Some may be at the closing stage. So, if you look at historically, you know that on annual basis, the margin for EPC as well as real estate, they both are maintained. So, we always try to make sure that those numbers are achieved.

Parag Shah:

And we always advise everyone, in my any previous phone calls also or on personalized meetings also, that the EPC contracting company or a real estate development company, as an analyst, you should not see only quarter-on-quarter results. Because as Ashok bhai, just mentioned, the project can be at a different phase. So, every quarter, that can be a plus-minus profitability. But we work under the AS7. So, all of the margins will definitely maintain the same, what we are projecting. But my guidance to all investors will be that, you should not see only quarter-on-quarter results. You should see the quarter on quarter results along with the yearly results. Thank you.



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- Mayur Liman:** Yes, sir. Sure, sir. Or my follow up question, can we see the same raw material price for the ongoing quarter or it will be changed?
- Parag Shah:** Again, my answer will be same. Because the last quarter, I may have done some project, where the excavation was going on. And this quarter, there can be a foundation work can be going on. So, it cannot be a standard answer, sorry.
- Mayur Liman:** Okay, No problem, sir. And my second question is, could you please provide guidance on the FY '24 outlook? What kind of plan for the FY '24?
- Parag Shah:** For FY '24, yes, we are focusing on EPC contract. But we are more focused on the EPC contract on the infrastructure side. Mainly focused on the port sector, which is our niche area, where we are having a specialized reputation. So, where we are more focused. And as far as the building line construction is there, we are doing now our in-house work only.
- We have stopped taking contract from outside developers, since last three years. And this year also, we are not looking because we have our in-house projects in pipeline. A very heavy pipeline will come for next three years. So, we do not expect to take the work from outside developers, in current financial year.
- Mayur Liman:** Okay. Thank you so much, sir.
- Moderator:** Thank you. We have our next question from the line of Mitul Shah from Reliance Securities. Please go ahead.
- Mitul Shah:** Sir, thank you for the opportunity. Sir, first question is on two years, three years down the line. How we should look at in terms of revenue contribution from different verticals like EPC versus non-EPC? And how are these order book as well as your outlook, not from next one year point of view, but three years, four years kind of horizon point of view?
- Parag Shah:** The projects which are under execution, the projects which are under the negotiation, and the projects which are about to get start, yet not started because of some of the government approvals. If we look into that, we have a pipeline of more than one crores square feet in-house jobs as far as the EPC contract works are there. But wherever we are a developer and where it is our 100% subsidiary company, we do everything under the one umbrella.
- So you will not see the EPC side different and the real estate side different because we are a real estate developer also and we are doing our in-house EPC also. But yes, wherever we are partners with some of the other developer or we are taking a projects under DM model, there the EPC orders will also come. But even in the DM model, where the developer with whom we assign, where all the materials will be purchased by the developer, the margins on the material will be payable to us, where our PMC professional fees will be there.



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So suppose I am doing a INR1,000 crores work, but my balance sheet will recognize maybe INR200 crores only, and out of INR200 crores, my margins could be INR100 crores also. So we are more focused on in-house work and on a DM model, where we are a partner. And as I mentioned, the infrastructure is also there. But yes, we have more than one crores square feet jobs in pipeline. So for next five years to six years, we have jobs in hand.

Mitul Shah: So this ratio revenue breakup will not change much?

Parag Shah: No, the ratio will more or less remain the same.

Mitul Shah: And second question on this 1.7 million square feet pipeline project, if you can give more details in terms of how are these projects, and what would be the delivery timing, etcetera. What is the pipeline details exactly for next?

Parag Shah: As I mentioned that we are starting one project, a luxury project at Vile Parle, which is a 15 lakh square feet plus construction area, which we are estimating to start the job by September. We just started the work at 'Aaradhya Aavaan', which is in Tardeo, which is also approximately 15 lakh square feet job. The project which is under signing and we expect to get signed and delivered in next few days' time at Ghatkopar, which is also approximate 17 lakh square feet. So these are the three jobs immediately starting. And balance jobs are under pipeline, which will take six months to eight months to start the work.

Mitul Shah: Lastly, on the per square feet realization trend compared to last quarter, that is March quarter versus how is the trend in April and May? Any moderation or any increase or it is?

Parag Shah: Price per square feet more or less is same. See, if you see the Mumbai market, everywhere the saleability is good. If your product is good, immediately the product can be a sellable product. But the price since last two years, more or less all over Mumbai, is the stagnant price except some specialized products. So I do not expect that the market is going to improve in terms of rates. But yes, there will be a delivery. There will be a more square feet area coverage could be there. But you have to expect that more or less the price will remain same.

Mitul Shah: Especially for some luxury segment wherein last quarter was a high demand because of this budget announcement of INR10 crores cap. So luxury segment reported record high bookings. That may not come immediately in next few months. So there, do you see any moderation in luxury side?

Parag Shah: That is actually a misleading figure. Because we all know that there was a high net worth purchase was there. And there were a few flats in Mumbai which has been sold at INR250 crores a single flat or INR350 crores a single flat. Or someone had bought a house last year of INR1,000 crores. So that figure will go up. If you will take the figures from a stamp duty collection point of view, government point of view, yes you will see there is a high demand. But it's a case to case, a specialized case. Like it's not everywhere.



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- Mitul Shah:** Right, understood sir. Thanks a lot and all the best.
- Parag Shah:** Thank you.
- Moderator:** Thank you. A reminder to participants to press star and one to ask a question. We have a next question from the line of Abhay Shah from IIFL. Please go ahead.
- Abhay Shah:** Good evening sir. First of all congratulations for this fantastic set of numbers. Most of the questions have been covered. Just a view on one thing. Mumbai is going through major redevelopment dry. Am I audible?
- Parag Shah:** Yes.
- Abhay Shah:** Yes, Mumbai is going through major redevelopment dry. Your view on that? Inventory, do you see inventory will start piling up? And which ticket size? The second question is which ticket size are we targeting? On the real estate side.
- Parag Shah:** See, we are focused at this moment. Dahisar also, Mulund also, Vile Parle, Ghatkopar, South Mumbai. Everywhere the product sizes are different. Like if you talk about the Dahisar, Mira Road side, where the price is ranging between INR90 lakhs to INR2 crores. As far as the Mulund is concerned, the price is ranging between INR1.5 crores to INR4.5 crores.
- The Ghatkopar luxury project which we are going to launch, where the price will be ranging between INR5 crores to around INR20 crores. The South Mumbai market is a different market altogether. But yes, there also we are coming up with almost 7 lakhs square feet, 6,50,000 square feet for this 'Aaradhya Avaan', where also the flat size is varying between INR4 crores to INR25 crores.
- Abhay Shah:** Okay. So for an overall inventory view that everybody is going for, just to understand since you have been doing it on a large scale, so your view as in overall Mumbai will get a lot of inventory? What's your view?
- Parag Shah:** It's already. It's not going to come. Mumbai is already having a very high inventory. But the product is not sellable. Like we are more focused on Ghatkopar. I do not have a two bedroom, single flat available in any of my projects. Everything has been sold. I do not have a single flat available of 3 BHK size. Like we are doing Ghatkopar Avenue project, which approximate has carpet area of 5 lakhs square feet. I have an inventory balance of hardly maybe 25,000 square feet to 30,000 square feet. Balance everything has been sold.
- But adjoining my plot, there are other developers also. And I do not want to quote the name, but the very large developer, the very big name, they are very nearby us. They are not successful in their project. Because of the design. Mumbai is having very high FSI potential. Developers will have to understand that they are not going to be able to consume full FSI. Because the FSI is tremendous. FSI has been floated. Now if you try to fit all the FSI, your planning will get bad.



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So if the builders are ready to lose some of the FSI and do a better planning, they will be more successful. That's what I believe. And that model we have been following.

Abhay Shah: Thank you, sir, for answering that. Sir, just your view, one more last question. Your view on, are we open for the redevelopment projects?

Parag Shah: We are doing it already. We have most of the projects which are of redevelopment. This new project which is coming up in Ghatkopar, that's also a redevelopment. It's a cluster development of 10 societies. The Tardeo project, is also a redevelopment project. The Vile Parle project is again a redevelopment project. The Mulund and Dahisar projects there is a virgin land. But the Vile Parle which we completed also, that was also a redevelopment project. The Juhu which we are doing, 'Aaradhya Evoq' that is a redevelopment project.

Today in the Mumbai market, the redevelopment is going to sustain. How much open lands are balance? That's not going to be. The Mumbai will change with the redevelopment only because we can't create the new land.

Abhay Shah: Yes, sir. Sir, what's your view on the commercial side in Mumbai? Are you looking at it or it's only the residential side, sir?

Parag Shah: We are doing projects in Ghatkopar also. We have two buildings of commercial which out of that one building is fully sold. The second building we are yet not open. RCC is over. But we have not yet sold anything over there. We may not sell and we may think of keeping it for a rental premises also.

Like we may give it on a rent. We are doing a building at Mulund which is a commercial tower where also I think 70%, 75% we have sold already and which we are expecting to complete by this September. I think we are expecting the OC. So commercial market is good right now. Not a very big ticket size. The big ticket size are available on a rental model as more demand is there. But approximate 300 square feet to 1,800 square feet, 1,900 square feet offices are in much demand.

Abhay Shah: Okay, sir. Thank you. That's it from my side, sir.

Parag Shah: Thank you.

Moderator: Thank you. Ladies and gentlemen, to ask a question, please press star and one on your phone. We have our next question from the line of Amresh Kumar from Geosphere Capital. Please go ahead.

Amresh Kumar: Thank you for the opportunity, sir. Congratulations on a great set of numbers. I just wanted to understand one thing. Almost two-thirds of your ongoing project is already sold out. So not much inventory left for you on those ongoing projects. And now that you have sold out all those projects, you must be having some idea of the cash flows.



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As to how much you are going to accrue in terms of cash flows? How much you are going to incur in cost and etcetera? So if you can give some idea of how much cash flow will come to the balance sheet? And how are you going to spend it? Either in the new projects or the land or maybe to the shareholders. Any idea on that?

Parag Shah:

See, it's a dividend-paying company. Every year we pay dividends. And in fact we declared the interim dividend yesterday only when we had a board meeting. We had already given 18% first interim dividend for current year. We have a liquidity. We are looking for the new projects also. And there are so many projects which are under pipeline.

So which may start in two months to three months' time. So we have enough cash flows. Till now whatever the projects we have in hand. We have a financial closure for that. So I think we are sitting on a cash liquidity of INR300 crores plus. So we have still much pockets are still balance to fill. So we can definitely take up the new projects also.

Amresh Kumar:

Okay. Got it, sir. Maybe I can get more clarity on this later on. Sir, one more thing. Since there is so much of infrastructure projects going on in Mumbai. How do you think that will change the landscape as far as real estate industry in Mumbai is concerned? We keep on hearing thoughts from other people also. But your own thoughts would be very helpful in that regard.

Parag Shah:

See the real estate and infra, both the sectors has to go parallel. If the infrastructure will not be there, then the real estate can also not go ahead. So at present in Mumbai so many works are under development under the MMRDA and all. This new connectivity, new bridges are coming up. So that is must. And I believe that this government is doing good on this part. So in next three years I think all the lines of metro will start. I am into politics also, so I am aware about that all the metro lines will start by 2025-2026. Then the connectivity will also be much higher. And without the infrastructure, how the people will stay in Mumbai. So that is the core business planning of the government also. And we will focus on that also. And we will support also.

Amresh Kumar:

Okay. And sir, just going back to one question asked by the other participant. Have you increased the prices on the remaining unsold part of your inventory? Or is it the same price as was the case earlier?

Parag Shah:

Like when we launched a project before two years. And today, yes, there is 15%-20% price hike is there. But that is normal. 8%-10% price hike yearly is taking care of inflation also.

Amresh Kumar:

Okay, so 8%-10% price hike has happened in line with inflation. That is what you are saying.

Parag Shah:

Yes, in every project there is a 5%-10%. But that, like the developers are habituated to price hike of 30% and 40%. Which is not happening. But yes, 8%-10% price hike is everywhere. Unless the product is weak. Unless your reputation is bad. Then it is a different story. But the good product and the good reputation, you have been able to sell it at a right price.



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Amresh Kumar: And sir, how about, since you are a major player in redevelopment projects, has the velocity in getting those redevelopment projects, has it become more difficult of late? And if that is the case, is it leading to rethinking in your own strategy?

Parag Shah: See, redevelopment with the society or with the tenants is always a patience game. It doesn't happen overnight. If you are talking about any large redevelopment, it's a span of two years. Whatever the speed you may be doing, it becomes two years. But still there is a viability because you are not investing the money in the land. You are not blocking your fund.

So there is, in my company we have a team, like they are negotiating for redevelopment with various societies. Considering that today we will start talking and the work will start after 1.5 years-two years. If we will get the order. So that's a separate division. That division is only working on the redevelopment future projects only. And the execution team is completing the project.

Amresh Kumar: Got you sir. My last question is one of your Mulund projects. One particular project in that. There is only about 1/4 of the units have been sold. Is it because the selling part is being done by your partner, rather than you? Or is there any particular case there?

Parag Shah: It's a slightly tricky question. But that you are talking about the G Tower. The G Tower has been just launched in last four months' time. So it is still under the plinth. It's a 48 storey building. And we are still in the plinth. So you can't compare that unit with other buildings also. But yes we are there. We are three partners are there. And the responsibility has been distributed. But it is like that one partner is managing one show.

So on a day-to-day basis he is managing the sale. But if anything stucks we are already there with him. And I am managing the finance. I am managing the execution of the product. So which is my day-to-day responsibility. If I stuck anywhere they are helping me. But what your question is that only 25% sold is that. So we believe that there is a good sale. It's not a bad sale.

Amresh Kumar: No sir. Rest of your projects are like very fast.

Parag Shah: No but here you have to understand that here more than a thousand flats are there. So percentage wise if we count. Like if I am launching 10 flats and I have been able to sell five flats. I will be able to claim that I have sold 50%. But when I have a 1,000 flats. Even though I sold 250 flats I have to claim that I have sold 25% only.

Amresh Kumar: Got it sir. So how much money will be required to mobilize work at Tardeo project?

Parag Shah: I have already answered that. I am repeating the answer. The money what was required has already been inserted. Now only the construction finance will be required. That also has been tied up by a developer with IndusInd Bank. The loan is already there. Plus our capex is also available. And we have started booking also. Where the cash flow from that booking will also start coming now.



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- Amresh Kumar:** Got it sir. Thank you so much for your patience.
- Parag Shah:** And as far as that project is concerned. Our direct responsibility is a construction, marketing and sales. Finance is not actually our responsibility because we are on a DM model.
- Amresh Kumar:** Got it sir. Thank you so much for all the answers.
- Moderator:** Thank you. We have a next question from the line of Yogesh Bhatia from Sequent Investment. Please go ahead.
- Yogesh Bhatia:** Congratulations sir on very good set of numbers. I wanted to know, what is the run rate we are seeing for FY '24 for delivering? How many lakhs square feet can we deliver in FY '24?
- Parag Shah:** In next five years' time we will be able to deliver more than 5 million square feet. But we can't commit up to every six months. Because it's a difficult question for me to answer on a phone immediately.
- Yogesh Bhatia:** Okay. Thank you sir.
- Moderator:** Thank you. We have a next question from the line of Ashit Kothi, an individual investor. Please go ahead.
- Ashit Kothi:** Congratulations on all the fronts, sir.
- Parag Shah:** Thank you very much.
- Ashit Kothi:** Sir, one simple question which I just would want to ask you is do you expect any major policy changes at a government level or at a BMC level on a redevelopment which would benefit the company more? And second, do we expect to have the same run rate what we have reported in this quarter going forward?
- Parag Shah:** Your first question's answer I won't be able to give because I am into politics also. So I don't want to go into any controversial statement where my business and the BMC policies are concerned. But I can only say that the current government is really doing a good job. And it will be more beneficial to real estate development overall. But that time will say. The second question, sorry I forgot your second question.
- Ashit Kothi:** Second question is can we expect the same kind of run rate going forward what we have reported in the current quarter? Or better than that?
- Parag Shah:** Yearly basis, yes. It may not be, again I am saying that my balance sheet you will never be able to understand if you want to understand quarter-on-quarter. But yes, the current year we expect higher than the last year.



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Ashit Kothi: So in that case, if you could just give us some guidance in terms of, is it always whenever we are launching new projects, are we majorly going in for a booking of 2/3 or 50% of it in the balance after completion? What is our policy on that?

Parag Shah: No. Like in Gujarati we say. If my 100% product will sell, I will sell. And we sold also in the past. Like when we had launched my Mira Road project. We had launched 667 flats and we sold on day one. Every flat has been sold. Like Mira Road, we have completed four towers, we took OC. And I think I have one flat only left. That too also because there was some dispute by a developer, by a purchaser. He was not being able to pay and we won in the RERA and that flat came back to us. So that's the only flat which is left out of some more than a thousand flats.

There is a second phase which we are going to complete by the next three months' to four months' time with OC. Because RCC already completed and the finishing is also nearer to completion. Where also hardly 12 or 13 flats are left. But we believe that we are a developer, we are not an investor. So my job is to make the product and sell. If I will start doing the job of an investor only, then I cannot run the company. So I strongly believe that my job is to manufacture and sell.

Ashit Kothi: I understand. But then wouldn't that put you at a greater risk with regards to the commodity price, volatility?

Parag Shah: Generally no, because we do first of all, because that much cost is saved in the interest cost. Because other projects, if other developers are there, they are borrowing the money, they are paying the interest. We are not paying the interest. And that much buffer is already, we always count in our construction of so many years' experience. If the cost of the construction will shoot up. And we should take that 1% or 2% or 5% risk or more, it's fine. Because the cost of construction is what INR4,000, INR5,000 a square feet, right?

Where we are considering a INR5,000 a square feet, the cost of construction, where the sale price is approximately INR35,000 to INR40,000 a square feet. If that INR5,000 cost will shoot up to say 10% and say it will become INR5,500. So INR500 against the INR40,000 is actually nothing. So that much risk we should always take rather than paying bank interest.

Ashit Kothi: Okay. Thank you, sir.

Parag Shah: Thank you.

Moderator: Thank you. We have a question from the line of Lakshminarayanan from Tunga Investments. Please go ahead.

Lakshminarayanan: Thank you. Two questions. First is from a capital deployment point of view. Outside India, what is the total capital you would like to deploy? How much will be deployed and how much you think, will get deployed over the next three years to five years? That's my first question.



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Parag Shah: Till today, we have invested somewhere around \$29 million in US. But we have \$15 million as a liquidity also over there. So we have invested \$14.5 million till now. And \$15 million, we have a bank balance over there for the future projects. Or the projects which we have already taken. The next capital installment, when it will come, that money has been transferred. So there we are not expecting to transfer more fund now. Because at least for the next one year, we don't need any more capital there.

Lakshminarayanan: Got it. The next question is that, you have generated good free cash flows this year. What is an outlook of cash flow generation for the next couple of years? Whether it will be in line with this or how does one look at it? Should we look at it, in this year an aberration or should we look at it in a block of three years? How do we look at it?

Parag Shah: We believe that our cash flow will further improve. Because there are many projects, which are nearer to completion. The cost of completion is almost completed by say 95%. 5% cost is balanced. But the receivables are more than 20%, which are balanced. Like my Ghatkopar project is there. My Vile Parle project is there. My Atmosphere project is going to complete. So that cash flow will come. We are expecting some of the claims from government also, which is also in the final stage. So that will also further improve your cash flow.

Lakshminarayanan: Got it.

Parag Shah: We are always very conservative on our policy. Like I like to sleep on cash. So I need always a bank balance. So that cash flow will always continue. And we sit on liquidity and I strongly believe that because of liquidity only, we have been able to win. In recession market also, or where the market is very good also. We were not much affected even, in the last so many recessions. In my career I have seen four to five recessions. But, we always stood there because of the cash liquidity.

Lakshminarayanan: Got it. On a slightly longer term point of view, maybe five years or even ten years, right? As we grow, we have grown very well in the last couple of years. What are the main risks you actually see? Other than the normal risk people talk of in terms of recession etcetera. Right? And which is, what you are working on. So if you can just pencil out, the top three risks or four risks, you actually foresee in the next four years, five years as you actually scale up? Because you are scaling up very fast and very prudently. But love to hear your views.

Parag Shah: See, in India, doing a business is a risk. And I am giving this statement, with very sound awareness only. The business in India is a risk. But how, you manage your risk, that is important. We have been able to successfully manage it in last 30 years. I started my career in 1991, with a INR1,00,000 paid up capital. That was the investment, we did first.

And then after, I had never invested one rupee in Man Infra. And I have been able to manage that. The risk will always be there, if some government policies will change. Yes, we may also get affected. But how much risk you are taking all depends on you. So I believe that, God is with



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us. We are very successful in managing the risk. And we will be able to manage that, in future also.

Lakshminarayanan: Thank you. Sir.

Moderator: Thank you. We have a next question from the line of Bhavana Jain from Avagrah Capital Advisors LLP. Please go ahead.

Bhavana Jain: Congratulations on the good set of numbers to the whole team first. And thank you for this opportunity. Sir, I actually had a question regarding your portfolio share. I can see in the presentation that, the mid-premium segment is around 24%. And the premium segment is around 71%. So how do we see this going ahead? Is this share going to differ, if you have any plans as such? The reason is I wanted to know the return on capital. If there is a big difference, in these two segments as such?

Parag Shah: Frankly speaking, what we are saying a luxury product or a mid-premium product, is all definition of what is a luxury. People like to read luxury products. So my team may have written, it's a luxury product. INR35,000, INR40,000 rate or INR45,000 rate in Mumbai, is no more a luxury product. But yes, we have projects as I mentioned that, it varies between INR17,000, INR18,000 carpet per square feet to around INR45,000 .INR50,000 per square feet.

But it's not a very high premium product. And these are the standard projects like INR35,000, INR45,000 rates are going on in Borivali also. With the same price you may get at Lower Parel also. The same price you may get at Mulund also and Ghatkopar also as well as Juhu also. So this is according to me, this range has become a mid-section range. But we all are habituated that around INR10,000, INR15,000 rate is a low income product. INR15,000, INR25,000 is a mid-income product. INR25,000, INR40,000 is a luxury product and above INR40,000 is a super luxury product.

This is all set in our mind. But the same figures, we have been talking before five years also. So after five years, if we put the inflation figure also, so what was there in INR40,000 in before five years, today the prices are maybe INR70,000, INR80,000. But, we do not have any projects, which are super luxury products. Even at this Tardeo and all, there also we are estimating INR50,000, INR55,000 per square feet. We are not into the sector of INR1,00,000 per square feet.

Bhavana Jain: So the project Aaradhya Avaan, if we talk it as ultra-luxury, so it is an exciting project, right? 300 meters tallest tower. So there are other risks also involved in that. So we generally don't differentiate between them and the mid-premium segment if there is any to the Mira Road area or Ghatkopar or wherever. So the return on capital basically when we calculate as such, so we consider it is almost at the same range. That's what I understand?

Parag Shah: Yes, because there we are not only a developer, there we are an EPC contractor as well as we are on a DM model. So if the price is INR50,000 per square feet, I am getting 12.5% on



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INR50,000 per square feet as my DM fees. But if the price will shoot up to INR60,000, my DM fees will remain 12.5% only. Or if the price will fall down to INR40,000, then also my price is 12.5%, as far as the scale is concerned.

As far as the EPC contract is there, yes, my EPC margin is already intact. Whatever the money, I have invested, I am getting interest for that money. So for me, Aaradhya Ayaan is a zero risk product. Unless the project got stalled in between because of some government policy and all, then it's a different story. But that, we are not estimating because we have all the permissions now in hand.

Bhavana Jain:

Okay, got that. And just one question, which is a little on the international presence. A little outlook, if you can give on your international presence, because right now, we can see there are only two completed projects and two ongoing. Do you plan to further expand that, as well? Or that may take a little backseat ahead? Just a little outlook, on that, if possible, that's it.

Parag Shah:

We are right now focusing on Florida, USA as far as international portfolio. Right now, we are focusing only on Florida. We completed one single project, which was a trial, where there were small two bungalows. That work is completed. We are starting another project, for which we just did the coconut breaking last week. That is a single bungalow. And there are two projects, which are with local partners over there. One is at Fort Lauderdale, one is at Coral Gables, which are super luxury residential projects where the prices are somewhere between \$1200 to \$1800 per square feet.

So these two projects are there. At this moment, as I mentioned that, we had already invested \$29 million in USA. Out of that, some \$14 million is already invested and \$15 million is kept as a liquidity. But that money, we will require for these two current projects also, which are large projects. My second installment, third installment payment will be there as far as once the construction will start. So at this moment, we are not estimating to expand more over there. We will take one year and then, we will expand further.

Bhavana Jain:

Okay. Thank you so much and best luck for the team for the future. Thank you.

Parag Shah:

Thank you, madam.

Moderator:

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

Yashesh Parekh:

Thank you everyone for participating in the earnings call of Man InfraConstruction Limited. We will see you next quarter.

Moderator:

Thank you, sir. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.