February 13, 2023

Listing Department
BSE Limited
Floor 25, P.J. Towers
Dalal Streets
Mumbai – 400 001

Scrip Code: 539940

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai – 400051

Name of Scrip: MAXVIL

SUB: TRANSCRIPT OF THE EARNINGS CONFERENCE CALL FOR Q3 & 9M FY23 HELD ON FEBRUARY 07, 2023

Dear Sir/Madam,

Please find enclosed the transcript of Earnings Conference Call conducted by the Company for Q3 & 9M FY23 on Tuesday, February 07, 2023.

This is for your information and records.

Thanking you,

Yours faithfully

For **Max Ventures and Industries Limited**

NITIN KUMAR
Digitally signed by NITIN KUMAR
Date: 2023.02.13 18:47:30 +05'30'

Nitin Kumar Kansal
Chief Financial Officer

Encl: As above

"Max Ventures & Industries Limited Q3 FY22-23 Earnings Conference Call"

February 07, 2023

MANAGEMENT: MR. NITIN KANSAL – CFO, MAX VENTURES & INDUSTRIES LIMITED
MR. RISHI RAJ – COO, MAX ESTATES LIMITED
MR. AMIT MIDHA – HEAD, MAX ASSET SERVICES

Moderator: Ladies and gentlemen, good day and welcome to the Max Ventures & Industries Q3 & FY22-23 Earnings Call.

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. Sahil Vachani – Managing Director & CEO, Max Ventures & Industries. Thank you and over to you sir.

Sahil Vachani: Good afternoon to all. Thank you for joining us on the Max Ventures & Industries' Q3 and 9 Months FY23 Earnings Conference Call.

Along with me today we have our CFO – Mr. Nitin Kansal, our Chief Operating Officer – Mr. Rishi Raj, Mr. Amit Midha – Head of Max Assets Services and Archit Goyal, who leads IR for us. We have SGA – our Investor Relations Advisors on the call.

The 'Presentation and Press Release' has been issued to the stock exchanges and uploaded on our Company's website. I hope you've had the opportunity to go through the same.

This year your Company has embarked upon the next growth of journey which we call the 'Max Estates 3.0 Journey' wherein we had exited the Specialty packaging films business and redeployed the capital to expand the real estate portfolio.

The Company also entered into the residential segment thereby adding a new asset class in the portfolio. With acquisitions this year, completed and those in pipeline we will be completed within FY 23 taking the real estate portfolio to almost 8 million sq ft, diversified across Delhi NCR, across asset classes of commercial and residential and across the risk spectrum. With our focus on exceptional design, sustainability and end consumer experiences anchored around the WorkWell and the LiveWell philosophy, our endeavor is to become a preferred choice for all stakeholders including customers, communities, shareholders and employees.

I would now like to share the strategic overview of the Company and where we stand today. The Company has built a strong portfolio of projects which will fuel the next level of growth. Max Estates completed office projects Max Towers and Phase-1 of Max House remained 100% leased with a 25% to 30% premium to the micro-market. Collections continue to be on time and in full. progress on Max Square and Max House Phase-2 is on track for completion in Q4 FY23 for Max Square and in Q2 FY24 for Max House Phase-2. We are very confident to fully lease the project over a period of 12 to 18 months post the completion in Q4 FY23 for Max Square. Max House Phase-2 is being built on similar lines to Phase-1 with a larger leasable area of 150,000 sq ft.

New York Life Insurance has been onboarded as an equity investor and has committed 290 crores in our SPV in Gurgaon Sector 65 for our office development project. The SPV is called

Acreage Builders Private Limited; Max Estates and New York Life shall be 51% and 49% shareholders respectively in this entity. New York Life has been our strategic partner in the real estate business since inception. They hold 23% in the holding and listed Company which is Max Ventures & Industries Limited and have also co-invested in Max Square Phase-1 and Phase-2 for a 49% stake taking the cumulative commitment of investment in the Group to Rs. 800 crores. They continue to evaluate co-investment as a strategic investor in our commercial real estate business.

As I mentioned, during the year we have also entered into the residential real estate segment with an acquisition of a 10-acre land parcel in Noida. We plan to launch the project in the middle of calendar year '23. This will be a boutique development powered by our LiveWell philosophy promising an elevated quality of life through pioneering design, wellbeing, wellness and sustainability. It will be a premium project and the gross development value is estimated to be in excess of Rs. 1,300 crores. On our corporate structuring, we have received the approval for the composite scheme of amalgamation by NCLT. On the receipt of approval Max Ventures will merge with Max Estates Limited. The date of hearing has been fixed for May 1, 2023, by NCLT Chandigarh and the amalgamation is expected to be completed in the first half of 2023. This will simplify the corporate structure and enable us to rename the entity as Max Estates. A move that will resonate with the real estate as our only focus of the Company.

I would also like to welcome our new colleague Amit Midha, who joins us as Head of Max Asset Services. He has over 26 years of cumulative experience with prior experience in leading operations at DLF, The Oberoi Group, Hilton Group, Marriott Group and JP Hotels.

With this I would like to hand over the call to Rishi Raj – our Chief Operating Officer for a detailed business update.

Rishi Raj: Thank you Sahil for the strategic overview.

Let me first give you the project wise detailed business update and then move on to the development pipeline.

Let us start with Max Towers:

Total leased area owned by Max Estates in Max Towers is now 100% occupied with leased area of 3.02 lakh sq ft. Lease rental income from Max Towers increased by 15% year-on-year to Rs. 84 million in Q3 FY23. For nine months FY23 lease rental income increased by 12% year-on-year to Rs. 249 million. Full year rental of Max Tower is expected to be about Rs. 350 million in FY23.

Moving on to Max House Phase-1:

Max House Phase-1 is 100% occupied as well, the total leased area of 1.5 lakh sq ft. Leased rental income from Max House increased by 48% to Rs. 35 million in Quarter 3 FY23. For nine months FY23 the income has increased 3X from Rs. 35 million in nine months FY22 to Rs. 108 million in nine months FY23. Full year rental for Max House Phase-1 is expected to be in the range of Rs. 150 to 160 million in FY23.

Before talking about our commercial office development under construction, let me briefly share market perspective for commercial office leasing. The calendar year 2022 witnessed 46% increase in net leasing to 38 million sq ft pan India, only 7% short of 2019 and second highest adsorption over last one decade. While the last quarter witnessed some sluggishness in demand and this quarter is expected to remain slightly subdued in light of global macro environment. The near to midterm outlook for India as an economy as well as office market particularly for quality development is expected to be very positive. The India's dominance as global outsourcing offshoring hub will only further strengthen and this in turn will create new office demand supported by growth in sectors like manufacturing and healthcare.

Now coming to Max Square; the work is on track and is expected to be completed in Quarter 4 FY23. The Company has received fire NOC, IGBC Platinum certification and is expecting to receive the occupancy certificate for the same by end of February 2023. The Company has got good pipeline of leasing for Max Square and is confident to fully lease the project within 12 to 18 months of the completion.

For Max House Phase-2, work is on track and is expected to be completed by Q2 FY24. This is being built on similar lines to Phase-1 with a larger leasable area of 1,50,000 sq ft. A very robust leasing pipeline is already in place including some existing tenants looking to expand within the campus itself. The weighted average monthly rental rate continues to be at significant premium to respective micro market for both the office assets currently at Rs. 106 per sq ft per month for Max Towers and Rs. 125 per sq ft per month for Max House Phase-1.

Now let me give you an update on new acquisitions; first on our entry in Gurgaon through acquisition of a SPV called Acreage Builders Private Limited. Max Estates Limited has completed the acquisition of balance 2.39% equity share capital of Acreage Builders Private Limited on 2nd February 2023 at an enterprise value on 100% basis of Rs. 322.5 crores. Consequent to the completion of acquisition, Acreage Builders Private Limited has become a step down wholly owned subsidiary of the Company through Max Estates Limited. Also New York Life Insurance has been onboarded as an equity investor committing Rs. 290 crores in this project. Max Estates and New York Life shall be 51%-49% shareholder respectively in the SPV and this SPV has a license to develop commercial project over an area measuring 7.15 acres located on Triumph Golf Course Extension Road in Gurgaon. The total developable leasable area is 1.6 million sq ft with a revenue potential of Rs. 160 to 400 crores per annum. We have already initiated the work on concept design and onboarded Gensler, a globally renowned design and architecture firm founded in San Francisco California. We are targeting to get all approvals to start the construction of two-phased development in Quarter 3 FY24.

Now coming to our second project under construction; this is regarding the entry in residential in Delhi NCR through acquisition of a 10 acres land parcel of Noida Expressway. The timing is appropriate with structural turnaround in the performance of residential asset class pan India. The calendar year 2022 hence surged 9 year high to 310,000 units pan India, despite inflation the interest rate is still lower and affordability quotient higher than previous cycle and is backed by end user preferring quality communities from credible corporate developers. With 20 to 25 units per acre this will be one of the least dense residential projects in Delhi NCR bringing Max Estates LiveWell philosophy to life aided by 7 acres of landscaped farms, gardens and lawns and state of the art amenities and facilities. Max Estates flagship residential community is on track with respect to design and approval timeline to be ready for launch by mid of calendar year 2023. With total development potential of 1 million + sq ft of salable area, the project aims to deliver a gross development value in excess of Rs. 1,300 crores.

Finally on acquisitions in pipeline, we are on track to close the documentation of ~4 acres of commercial land parcel with development potential of 1 million+ sq ft of leasable area contiguous to existing Max Square development which we had won in e-auction conducted by Axis Bank. In addition, we are in final stages of locking in a residential opportunity in Gurgaon. With series of successful acquisitions this year, we are on track to achieve a well-diversified real estate portfolio of almost 8 million sq ft by the end of fiscal year 2023, 3 to 4 times that we've had in FY22.

With this I handover the call to Mr. Amit Midha – Head of Max Asset Services for the update on the same.

Amit Midha: Thank you Rishi. Good morning to everybody.

At Max Asset Services, we provide end to end managed office services including but not limited to the fit-out leases, fit out design and build and full-service office operations are managed. Flexible office offerings work well suite center at Max House Okhla continues to be 100% leased. In addition to all aspects of facility management like upkeep pantry operations and IT services we are now looking at adding concierge services for ease of our tenants to run some errands while they are busy at work. This would be a great value add and further improves stickiness.

As a part of our WorkWell philosophy we continue to differentiate our tenants experience by continuously curating ecosystems of amenities like fitness centers, saloons, an early learning center, shuttle service, meditation space, multipurpose halls, cafeteria, sports facilities and multitude of F&B options to truly enable our clients to work well. In addition, we collaborate with our tenants continuously and add any bespoke service solutions to our services as and when desired by our tenants.

With an aim to uplift our asset with the best-in-class facilities and becoming more operationally efficient we are deploying various digital tools across all verticals such as parking management, lift management, amenities booking, visitor management, air quality monitoring and we are now working on creating a community platform which is an app which will augment our engagement and networking with our clients further helping us serve them better. We expect the facility as well as design and build service business of Max Assets Services to witness growth in FY23 and '24 as a high percentage offices are now open and expected to avail our services.

Thank you very much. I now hand over to our CFO – Mr. Nitin Kansal for the financial updates.

Nitin Kansal: Thank you Amit. Good afternoon, everyone.

Now let me give you the financial highlights for nine months FY23:

The consolidated revenues for nine months FY23 increased by 17% year-on-year to Rs. 840 million. Consolidated EBITDA increased by 40% year-on-year to Rs. 240 million. Consolidated profit after tax stood at Rs. 139 million in nine months FY23 as compared to Rs. 10 million in nine months FY22.

Speaking about our liquidity position; gross debt stood at Rs. 7.3 billion as of September '22. As of this 50% of debt is on the lease rental discounting model. Cash and equivalent stood at Rs. 723 million as of December '22. We are maintaining a debt-equity ratio of less than 0.66.

I would now like to hand over the call to coordinator for the question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rajiv Sehgal as an individual investor.

Rajiv Sehgal: The management has indicated that Max Square is likely to be ready by March 2023 and Max House Phase-2 would be ready by September '23 and thereafter the Company needs 12 to 18 months to lease out the two properties in full. So that leads us to believe that FY26 will be the first year when the Company will get the full benefit of whole year rental income from Max Square and Max House Phase-2 in addition to the existing properties of Max Star and Max House Phase-1. So, against this background is it reasonable to assume that in FY26 we can expect a minimum PAT of about 300 crores?

Nitin Kansal: Rajiv ji good afternoon. This is Nitin Kansal. On the first thing we can expect the full year lease rentals of Max Square and Max Square Phase-1 and Max House Phase-2 to hit the balance sheet in FY25. As far as the PAT of Rs. 300 crores, so we would start getting full year lease rental income coming to us in FY25 and from FY26-27 we would start realizing our residential income. So, PAT would be a function of those numbers.

Rajiv Sehgal: So, as I said that it's in FY26 you would get the benefit of Max House Phase-2 as well as Max Square, am I right?

Rishi Raj: This is Rishi. Just to clarify once again for Max Square Phase-1 we said 12 to 18 months from completion which is February-March this year. For Max House Phase-2 which is getting completed in September of '23 given the size of the development, our endeavor would be to lease that within 12 months. Both the projects taking together a substantial portion of full year lease potential will kick in FY25. As far as other sources of income are concerned for example as Nitin said, as far as residential is concerned the recognition of income from residential we'll go to FY26-27 following the accounting principles when the possession will be delivered. As far as new commercial projects are concerned for example Max Square Phase-2, we are expecting Max Square Phase-2 to get completed in 3.5 years from now, followed by leased in Max Square Phase-2.

Rajiv Sehgal: Can you give us an estimate of your rental income for FY25 and FY26?

Sahil Vachani: For FY25 we would have Max Tower and Max House Phase-1 fully leased. In addition to that we expect certain portions of Max Square Phase-1 and Phase-2 of Max House also getting leased. The lease rental income can be expected to be in the range of 100 to 120 crores for FY24.

Rajiv Sehgal: FY24, FY25 and FY26?

Sahil Vachani: So, what is happening is going once the project is fully leased, the way we look at it is. In terms of Max Tower and Max Square Phase-1, we expect a total leasing potential of close to 60 crores. Max House Phase-2 we are expecting a leasing potential in the range of 25 to 30 crores. As we have mentioned in the case of Sector 65, the total leasing potential is in the range of 160 to 200 Cr and in the case of Max Square 2, a total leasing revenue potential of 100 to 110 crores.

Rajiv Sehgal: My next question is by when do you expect to receive the NCLT approvals for development of 2.5 to 3 million sq ft of Delhi One?

Rishi Raj: Rajivji the good news on that is that the order is reserved and our resolution plan has been heard by NCLT. The order is reserved. In terms of when the order will be released to us, difficult to give a definitive timeline but we are hoping that in this financial year itself we are able to get to see what the final order is.

Moderator: The next question is on the line of Faisal Hawa from H.G. Hawa and Company.

Faisal Hawa: When do we expect our ROCE and ROE to be north of 18% to 19% once most of these projects are underway? Is there a focus area for us within our KRAs also?

Nitin Kansal: We are expecting our ROCE and ROE to be in this range by FY25-26 when we would be recognizing the revenues coming from residential projects. Residential projects in Sector 128 and following the accounting principles. This as a concept basis also flows in the KRAs of the senior management team which clearly defines the unit level IRR expectations of 20% and overall, ROE-ROCE of the Company in the range of excess of 20%.

Faisal Hawa: So, when will it happen that for the entire revenue of the Company and entire balance sheet we'll be having this ROE-ROCE because what may happen is that some projects are giving that ROE and the others are underway. So as a ballpark it will never show.

Nitin Kansal: What happens Mr. Hawa from FY26-27 it becomes a continuous process whereby if the first project, residential project of Sector 128 will get delivered which will be delivering in ROE-ROCE. As we have also stated in our objective that we would be taking on board 1 million sq ft of residential and 1 million sq ft of commercial project every year. As a process every year starting from FY26-27 we would be having a stabilized revenues coming from million sq ft of residential and a million sq ft of commercial incremental year-on-year, in addition to the projects which we already have. Starting from financial year FY26-27 the ROE and ROCE will start getting reflected on the balance sheet numbers. But having said that starting from FY24 itself when we would have launched our Sector 128 project you would have started to visualize the cash collections and the total sales potential getting very amplified clear to the shareholders.

Faisal Hawa: Apart from the brand which is like a clear USP for the Max Group, can you name three things which would be a clear differential in selling our properties? Because real estate is almost like a commodity

Sahil Vachani: Absolutely. Hi. This is Sahil. I'll take that our focus is on a very differentiated consumer experience, articulated through what we call the LiveWell philosophy. Like in the office space segment we have captured the WorkWell philosophy and there are 14 elements that are part of that. Also, it's a scientific approach to ensuring that the LiveWell philosophy is encompassed in each of our residential developments. Our brand will stand for a sense of obviously a huge sense of generosity, luxury, aesthetic sense of design and if I may say an Indian luxury brand so to speak rather than aping what has happened in the west. It is going to stand on the factor of local materials but very high end and luxurious in terms of experiences, in terms of design, in terms of hospitality, in terms of overall the LiveWell philosophy. We have already piloted this in the office space segment and we've got tremendous success, not only in terms of traffic in terms of clients but also a premium of the pricing and we are confident to be able to replicate this in the residential space as well.

Faisal Hawa: So, we are clear that in most cases you will have a partner who will take on the financing responsibilities and we should be focusing only on building the brand and executing. So is that going to be a clear-cut roadmap?

Rishi Raj: Yes, this is Rishi. I'll respond to that. There are two verticals, commercial and residential. On commercial as we have already stated, we have New York Life as our strategic and financial partner and they are continuing to coinvest 49% as we expand in our commercial office space. As far as residential is concerned, in residential we at this point in time are following a model which is mix of outright purchase from a balance sheet which is how we did Sector 128, our flagship residential community in Noida. The second one that I talked about which we are exploring in Gurgaon is going to be a joint development model wherein the land will be brought by landowner and we will be doing the construction. In future we may explore a joint venture partner in residential as well but not quantified yet.

Moderator: The next question is from the line of Prachi Sharma from Ace Investors.

Prachi Sharma: I just have two questions. Firstly, are we seeing any slowdown in the commercial real estate in the past few months and second being by when do we plan to launch the residential real estate in Noida? And what is the interest we are seeing for this project?

Sahil Vachani: Okay, so I'll answer all the three. As far as slowdown in commercial office is concerned as I stated in my narrative while calendar year 2022 has been exceptionally good only second to 2019 peak that we have seen in the last one decade. Yes, there has been some sluggishness and slowdown in decision making in last quarter and expecting it to be in this quarter. Having said that our view as far as India as an economy as far as office market in India particularly in NCR is concerned for quality developer which is far and few is very positive and whatever is happening globally, ultimately will have a positive rub-off effect. As I said in one of my illustrations, the trend towards global outsourcing and offshoring because of cost and talent arbitrage will only improve. In addition, we are already seeing an increase in demand from other sectors beyond tech which is manufacturing, healthcare, financial services. If you look at the numbers the share of these sectors have relatively increased compared to the tech sector. In short, the near to midterm outlook for office particularly in NCR is positive. So that's on number one.

Number two, in terms of the launch of residential in Noida as we have stated we are targeting mid of this calendar year. As far as interests are concerned as we have yet not got trailer approval. We are not out there in the market seeking interest but we are very confident of the product and the experience that a first residential community will deliver. We are very confident of its pickup post launch.

Moderator: The next question is from the line of Vasant Shukla as an individual investor.

Vasant Shukla: I have a few very basic questions. I would start with basically I have been a long-term investor in this since 2017. What I am realizing that now we have got the focus right, we are working towards it. Just I would like to understand because we have raised a lot of money from the market. As a shareholder we like our shares to do well. That is what we anticipate, the Company to do well and subsequently the share to do well. What I have realized is over a period of last 5 years Max Ventures has raised close to 1500 crores to 1700 crores through various routes like rights issue and then they sold the Speciality business. So, from all these aspects this 1,600-1,700 crores that we have raised over a 5-year period what has been the utilization of that 1,700? Because I would like to know in slightly more detail because that is not very clear to me but if we have raised that kind of money, we should be generating more revenue per se from that kind of money. I understand that it's a long gestation period is there. But beyond that point even our long-term investors also need some returns. Apart from that I would also have another question regarding your investment as your hospitality, have you written it off? What exactly is the status of the same or whether it is part of next estate or not, so that also I would like to know. If somebody can help with that. These are basically two questions I have right now.

Rishi Raj: Hi Vasantji. Thank you so much for your very pertinent question and being a long-term supporter and investor in the Company. This is rishi. I will take up the first part of your question and I'll ask Nitin to take up the question on Azure. As far as if you look at all the capital that we have raised which is through combination of rights issues followed by exit of our packaging film business which generated around 650 crores. We have redeployed the entire capital in real estate, starting with commercial office which is Max Towers and Max House Development which was totally done out of our balance sheet using this capital and more recent raises that we have done, we have redeployed that in the acquisition of our residential entry in Noida and our Gurgaon entry in commercial office space. Our endeavor as we also stated earlier our endeavor is to remain very much focused as far as real estate business is concerned particularly in Delhi NCR and really focus on two verticals commercial and residential and continue to follow a very capital disciplined approach in terms of where we deploy as well as capital light through equity partnership as you have seen we bringing on board New York life who have already committed around 800 crores to help us on the growth journey or through a model which is beyond outright through a combination of joint development which you will see in residential or joint ventures in future. So, in short the capital that you are talking about has been redeployed across these commercial and now residential assets classes.

Vasant Shukla: What kind of a return you are expecting from those deployment, like 1500 crores should be generating close to at least 10% annually, right? Which is not happening or which will happen going forward then maybe if you can elaborate on that.

Rishi Raj: Absolutely. I think as you rightly articulated, the underlying fundamental performance should and will and is already getting translated into what we see as far as performance of stock market is concerned. We do keep a close tab on it. The way we look at our investment following a very disciplined capital deployment approach is to evaluate every project on its merit. We have a very rigorous approach of evaluation and underwriting. We only deploy where we are confident of getting pre-tax IRR or internal rate of return of 20% or more. That's how we deploy and this as we will execute and as the cash flow starts coming in following those business cases, this will all start getting translated further in our stock price movement. That's the response to your first question. Coming to Azure and what's happening with Azure. I'll request my colleague Nitin to respond.

Nitin Kansal: On Azure investment, we had invested in Azure in two tranches, a cumulative amount of close to Rs. 72 crores in 2017 and ‘18. Since then, during COVID the business went through a lot of pressure and we had taken an impairment of 27 crores in September of ‘21 and currently we carry the investments in the books at Rs. 45 crores. Post the COVID era now the business has really improved significantly in the case of Azure Hospitality and they have significantly exceeded the revenues which they were hitting pre-COVID times also. With currently they are doing revenues in excess of Rs. 200 crores per annum and with an EBITDA margin of more than

30%. As we speak today the business is on the recovery path and we are hopeful to recover a full investment on Azure Hospitality.

Vasant Shukla: We will just be recovering the investment like if we see the other sectors like some companies are practically pretty well. We just anticipate that we will recover back at 27 crores that's what you're saying.

Nitin Kansal: So, what we are anticipating recovering the full amount of investments which we had made in Azure Hospitality, 72 crores.

Vasant Shukla: Okay but you don't anticipate that will be a good investment for you in the long run. It's not going to give you any return. Just you will be recovering the money. That's it.

Nitin Kansal: So, what is happening, conservatively we are taking a number to recover investments because the business has gone through a lot of pain through the COVID times. Although our aspirations would be to make returns on that. But as of now the guidance would be to recover our capital on the investment.

Vasant Shukla: Sorry to continue the first question, again I'm sorry I'm taking a bit of time. Just want to understand like suppose we are investing close to ,2000 crore, so IRR of 20% then you will anticipate close to 400 crores of profit technically every year. Do we really see that kind of profitability even in ‘26-27 or beyond? Do we really anticipate that? I'm just asking a question based on just a number that's it.

Rishi Raj: Vasant Ji now IRR as a metric we used to evaluate project level cash flow. But coming back to return on investment question that you have. We expect, as Nitin was explaining earlier, once residential income gets recognized in our book following the accounting methodology which is FY26-27, we are expecting to hit or we are aiming to hit a return on equity in the range of 15% to 20%. We expect to maintain that level of return with a continuous churn in our portfolio by adding projects both commercial and residential. So that's our endeavor and the long-term guidance and plan is.

Vasant Shukla: Let's assume that in 2023 as stated, you will be 1 million commercial and 1 million residential will be available or it will slip over to ‘24?

Rishi Raj: What I meant was, this return on equity of 15% to 20% is on underlying investment. That's clear. As far as, just to answer on the size question that you have we will be having 8 million sq ft in our portfolio by end of this financial year delivered under construction on the planning. Every year our endeavor will be to at least add 2 million across commercial and residential so that by the time we reach FY26-27 every year a couple of million square feet comes online on stream from an income perspective.

Vasant Shukla: Hopefully, we achieve that because now I think it's getting close to 5-5.5 years and I think we are more on the talking side rather than executing side. That is what is happening is what I understand. But I understand that, anyway, thank you.

Sahil Vachani: I disagree with you. Sorry. This is Sahil. I just want to clarify. I don't think so. I think if you were to look at the journey of 5 years here is what has happened. We did not start with a land bank today the Company has a development potential of 8 million sq ft already signed. It has already two developed fully leased assets. It has a pipeline of two office developments, one in Noida one in Gurgaon. It has a residential development. We have established ourselves as a brand in the National Capital Region and at least our first development that we have is on track for a GDV of more than 1300 crores. I think we should not confuse the accounting methodology of real estate which fortunately or unfortunately happens through the completed asset method. Therefore, the numbers will get reflected when we are able to book the revenue which is as per the completed asset basis in real estate which happens in three years from now. But if you look at the pipeline of what we have, the asset base of what we have, the deployment of capital that has happened and the assets that have been generated particularly in so far the office space is concerned that we have already executed over the last 2.5 or 3 years. The valuation of those assets in market today are significantly higher than what they reside in our book. I just wanted to clarify that as an overall picture and not to mention the fact that we have New York life as an investor and continuing to grow our office space journey as well. Thank you.

Moderator: The next question is from the line of Nehal Jain from SK Securities.

Nehal Jain: I just wanted to know if you could give your views on the Company's CAPEX plans for FY24 and FY25.

Nitin Kansal: Hi good afternoon, Nehal. This is Nintin Kansal. As we mentioned in FY24 and FY25, in FY24 we would have our Max Square Phase-2 and our Sector 65 project in full flow. Similarly in FY24 and 25 both on the residential side we would have our residential Sector 120 project in full flow. What we're expecting to have a total deployment of close to 800 crores in total in next couple of years across these projects. The way it will be funded is that we are expecting to raise a debt of close to 600 crores on those two-construction finance, on the commercial real estate and equity of close to 200 crores which would be bought in by New York Life in the ratio of 49% and 51% by Max Estates. Just to give an overall perspective, to complete these projects which we have announced we would be having a total CAPEX outlay in next three to four years in the range of 1400 to 1500 crores which will have incrementally 1400 to 1500 crores. We would have this will entail a total debt in the range of 1000 1100 crores and equity contribution of close to 300 crores, of which 49% will be bought in by New York Life and the remaining 51% will be bought in by Max Estates.

Moderator: The next question is on the line of Sameer Chaddha from Chaddha Securities.

Sameer Chaddha: My question is that we're seeing an increasing debt. What is the optimal debt plan that we should have going ahead?

Sahil Vachani: Your question is about the leasing plan?

Sameer Chaddha: Debt plan.

Nitin Kansal: So, Mr. Chaddha currently as we speak, we have a debt of close to Rs. 700 crores on the balance sheet. This is made up of two components. One is a lease rental discounting debt; another is the construction finance debt. In terms of lease rental discounting the debt percentage is close to 50% and that is basically a risk being taken by the bankers or tenants and not in the Company. On the construction finance debt, we have got New York Life as a partner in the Company in which New York Life holds 49% but from an accounting perspective the entire debt is reflected on the balance sheet of Max's Estates. The risk of the debt is also shared equally between New York Life and Max Estates. Currently we stand at the debt equity policy or debt equity ratio of 0.6 and our intention is to maintain a debt equity ratio of not more than that.

Moderator: The next question is on the line of Akash Mittal as an additional investor.

Akash Mittal: I mean a couple of quarters back I had this question that what's your plan for execution because the presentation till then had been continuously speaking about we are planning we are doing but good to know. Congrats for that. We at least have a pipeline now to execute. Only couple of questions like on the residential side which is where I think you probably might generate a significant alpha. You have mentioned a Gurgaon project where you expect the sales to be 1300 Cr, right? So, what's the typical price per square feet you are planning for that? I just want to get a sense of where are you positioning in the market vis-à-vis with the leaders like DLF and others in this area?

Sahil Vachani: Akash thank you and thanks for your appreciation and compliment. In excess of 1,300 crores that we talked about is for our flagship project in Noida on 10 acres of land parcel which has got a million square feet of total syllable area. Here in Noida, we are definitely looking at upwards of Rs. 13,000 per sq ft. The second project that we will soon lock in is in Gurgaon and again in a very strong location in Gurgaon. We will share more details as we lock that in. but our target price segment is Rs. 10,000 onwards, Rs. 10,000 per sq ft plus for this Gurgaon development as well.

Akash Mittal: The second question is on the execution side. I see you have hired a few people recently. So far, I mean I don't know about your team size. That's not public information. But I want to understand like you have invested a significant amount of tech like SAP and digital tools. How do you plan to make money out of these significant investments in ARP like SAP? It would be a significant amount of money you have already committed, right?

Sahil Vachani: Yes. Akash let me step back a little bit. I think this is a very important question that you are asking. If we just go back several quarters, one of the big questions for us was growth pipeline which we have solved for. Now that our capital is sorted, growth pipeline is sorted the real focus of the Company is on execution and for that execution to play well as per our promise we need to invest in two things. One getting the right people, the right talent, the right expertise on board. This is where you have been witnessing a series of new hires that we have done from different parts of the real estate and non-real estate world. Second if you look at the history of any real estate Company, one of the reasons real estate companies have not been able to survive long term is that they have not invested in processes and systems. So, SAP is one of the many things we are planning to do to strengthen the processes so that we are not a 5-year, 10 year but (+100) years kind of a Company. As far as investment in SAP is concerned, there is an investment. But on a lighter note it's not as exorbitant as your question sounded to be but we are very confident that all of this will help us achieve for example delivering more than 300 crores in residential projects and several other projections we have made for other projects in commercial and residential.

Moderator: Thank you. Ladies and gentlemen that would be our last question for today. I now hand the conference over to Mr. Sahil Vachani for closing comments. Thank you and over to you sir.

Sahil Vachani: Thank you very much for your time and participation and look forward to chatting with you next quarter as well. Thank you.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Max Ventures & Industries Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.