May 30, 2023

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
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 Q4 & FY23 held on May 23, 2023

Dear Sir/Madam,

Please find enclosed the transcript of the Earnings Conference Call conducted by the Company for Q4 & FY23 on Tuesday, May 23, 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: 2023.05.30 18:50:39 +05'30'

Nitin Kumar Kansal
Chief Financial Officer

Encl.: As above

"Max Ventures and Industries Limited
Q4 FY'2022-'23 Earnings Conference Call"
May 23, 2023

MANAGEMENT: **MR. SAHIL VACHANI – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – MAX VENTURES AND INDUSTRIES LIMITED**
MR. NITIN KANSAL – CHIEF FINANCIAL OFFICER – MAX VENTURES AND INDUSTRIES LIMITED
MR. RISHI RAJ – CHIEF OPERATING OFFICER – MAX VENTURES AND INDUSTRIES LIMITED
MR. AMIT MIDHA – HEAD OF MAX ASSET SERVICES – MAX VENTURES AND INDUSTRIES LIMITED
SGA, INVESTOR RELATION ADVISOR

Moderator: Ladies and gentlemen, good day and welcome to the Max Ventures and Industries Limited Q4 and FY 2022-'23 Earnings Conference 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, 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. Sahil Vachani, Managing Director and CEO of Max Ventures and Industries. Thank you and over to you, Mr. Vachani.

Sahil Vachani: Thank you. Good afternoon to all and thank you for joining us on the Max Ventures and Industries Limited Q4 and FY '23 earnings conference call. Along with me today, we have our CFO, Mr. Nitin Kansal, Mr. Rishi Raj, who's the Chief Operating Officer, and Mr. Amit Midha, Head of Max Asset Services. We also have SGA, our Investor Relation 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 everyone has had the opportunity to go through it.

Let me focus on the strategic overview of the company and my colleagues will provide a detailed business update subsequently. Financial year '23 has been a very special year at Max Ventures and Industries Limited. The company embarked upon our 3.0 journey, wherein we exited the packaging business and redeployed the capital to expand our real estate portfolio to 8 million square feet.

We now have a curated and a very well-diversified presence across asset classes, both residential and commercial; across geographies, Noida, Delhi and Gurugram; and risk spectrum in terms of delivered, nearing completion and under design developments. Our Max Estates completed Grade A+ office projects, Max Towers and Phase 1 of Max House, continue to remain 100% leased at 25% premium to 30% premium to the micro market. The collections continue to be on time and in full.

Our third office development, Max Square, has received its completion certificate in February of 2023 in a short span of 30 months. The development has obtained the highest green building standards certification from IGBC and is now IGBC Platinum certified under the Green New Building Rating System. The development is receiving good traction with robust pipeline for leasing.

In FY '23 the company also entered the residential segment thereby adding a new asset class in its portfolio with the acquisition of a 10-acre land parcel in Sector 128, Noida with a development potential of 1 million square feet. We are on track to launch it by mid of 2023. The company has expanded its geographical footprint by entering Gurugram with opportunities in both the commercial and residential segment.

Max Estates acquired a land with a commercial license of 7.15 acres and development potential of 1.6 million square feet in Sector 65 of Golf Course Extension Road, a prime office vector in Gurugram. The company has executed a joint development agreement on 12 acres of land with a development potential of 2.4 million square feet of residential development in Sector 36 in

Gurugram as well. Further, the company executed an agreement to transfer 4 acres of a commercial licensed land in Sector 129 on the Noida-Greater Noida Expressway adjacent to the current Max Square development to evolve the combined footprint into a mixed-use of a 6 acre to 7 acre campus.

Our partner New York Life has now participated in both new commercial projects as a 49% partner, taking its total commitment to the company at INR800 crores. This is a clear testimony of Max Estates investing in building execution capabilities and driving strong governance and institutional culture. The NCLT has also approved our resolution plan for the distressed asset Delhi One, which will add another 2.5 million to 3 million square feet of mixed-use development to the company's portfolio.

Implementation of this will begin post approvals from the Noida authority. The company's stated aspiration is to add 1 million square feet each for commercial and residential on average annually. To enable execution at scale, the company has significantly upgraded its bandwidth and capability over the last 12 months focusing on attracting top quality talent, particularly to build its residential vertical.

The company also undertook several strategic initiatives to strengthen systems and processes, including a transition to SAP as its new ERP platform, digital intervention across the value chain and truly embracing ESG best practices across the organization with participation in the GRESB ranking this year for the second time. Our focus on exceptional design, sustainability and experiences is anchored around our LiveWell and WorkWell philosophy. Our endeavor is to become a preferred choice for all stakeholders including customers, communities, shareholders and employees.

As an update on the merger. On the composite scheme of amalgamation where Max Ventures will merge with Max Estates, the final hearing of the merger has been completed and the order is awaited. This will simplify the corporate structure and also enable the company to rename the entity as Max Estates, a move that will resonate with real estate being the only focus area for the company.

With this, I now hand over the call to my colleague, Rishi, our Chief Operating Officer for the detailed business updates. Over to you, Rishi.

Rishi Raj: Thank you, Sahil, for the strategic overview. Let me first give you the project-wise business updates and then move on to the development pipeline. Let us start with Max Towers. Total leased area owned by Max Estates in Max Towers continues to be 100% occupied and the lease rental income from Max Towers stood at INR340 million in FY '23.

Moving on to Max House Phase 1. Max House Phase 1 continues to be 100% occupied and lease rental income from Max House Phase 1 stood at INR143 million in FY '23. For Max Square project, the company has received its Completion Certificate in February '23. The total leasable area is approximately 0.7 million square feet and we have New York Life Insurance Company as a 49% partner in this project. While the recovery of the office segment globally remains gradual, which is impacting decision making of large global occupiers in the short term, the Indian economy continues to be highly resilient.

This translates into key shifts in the demand mix that we are observing in the CRE market including rise in share of domestic occupiers versus international; some sectoral shifts from technology to financial services, manufacturing, health care and life sciences; and rise in small and medium scale transactions, which Max Estates is very well geared to adapt and cater to. The company has built a robust pipeline at advanced stages of closure with several clients and is confident to lease the project within 12 to 18 months of completion.

For Max House Phase 2, work is on track and expected to be completed by quarter 2 FY '24. This is an extension of Max House Phase 1 with a larger leasable area of 0.15 million square feet. The company is getting excellent traction in terms of the demand from both existing clients in our Phase 1 Max House as well as new clients.

We are confident to fully lease the project within 12 months of its completion, including significant proportion which is to be preleased. This all translates into weighted average monthly rental, which continues to be a significant premium to respective micro markets for both the office assets currently at INR106 per square feet per month for Max Towers and INR125 per square feet for Max House Phase I with last leased rental at much higher than the average.

The continued premium earned is a clear testimony of our focus on WorkWell philosophy, which ensures holistic well-being of its users enabled by a unique ecosystem of spaces including F&B and several amenities as well as acceptance and appreciation of our impeccable service standards and design-led sustainable developments. Now let me give you an update on upcoming development in detail.

First, let me start with developments enabling WorkWell experiences. New York Life Insurance has been onboarded as an equity partner in Acreage Builders Private Limited in Gurugram where MEL and New York Life shall be 51%:49% shareholders respectively and shall collaborate to develop commercial office and retail projects on a land with license to develop commercial projects over an area measuring 7.15 acres located on Golf Course Extension in Gurugram. The total developable leasable area is 1.6 million square feet with a total revenue potential in the range of INR160 crores to INR200 crores per annum.

The company has onboarded Gensler, a global architecture design and planning firm, as its principal architect to design a customer-centered sustainable office development factoring in future of office trends. As per the current plan, the construction will begin at the site in quarter 3 of FY '24.

In addition, the company is in final stages of acquiring 4 acres of commercial licensed land from Axis Bank in Sector 129, Noida where New York Life is a 49% joint venture partner. The land is adjacent to its existing development Max Square and both land parcels combined have a total development potential of approximately 1.8 million square feet spread across 6 to 7 acre campus. This will not only provide prospective tenants of Max Square an option to expand, but also enable access to an integrated mixed-use campus that will be unique to this micro market. This development will have direct access to Noida-Greater Noida Expressway, offering excellent connectivity to and from Noida, Delhi and broader Delhi NCR via both road and metro. The design of the development is in its final stages and company expects the construction to start in quarter 3 of FY '24.

Now moving to upcoming development enabling LiveWell experiences. For our first residential project in Sector 128 Noida, the building plan approval has been received and we plan to launch the residential project by mid of calendar year 2023. This will be a boutique development promising an elevated quality of life through pioneering design, wellness and sustainability aspects and will cater to premium end of the residential market. The gross development value of the project is estimated to be over INR1,300 crores.

In addition, we have signed joint development agreement in Sector 36A of Gurugram with a development potential of 2.4 million square feet and gross development value of INR3,200 crores. The land parcel measuring approximately 12 acres has a direct access from Dwarka Expressway. The site is strategically located at confluence of the expressway, Central Peripheral Road and planned Metro Corridor by virtue of which, this site has an excellent connectivity to central and secondary business districts of Gurugram such as Cyber City, Golf Course Road and Southern Peripheral Road.

The project will develop into 1 of the region's first intergenerational community at scale. The company estimates to launch the project in first half of calendar year 2024. Finally, coming to mixed-use development enabling both WorkWell and LiveWell experiences. The Honorable NCLT, New Delhi has approved our Resolution Plan for Delhi One. It is a commercial plot admeasuring 35,000 square meters located in Noida with acquisition and the potential to add 2.560 million square feet of additional development footprint to the portfolio of Max Estates.

The implementation of the Resolution Plan is subject to receipt of requisite approval from regulatory and statutory authority and we will see to update it as we progress on this front. The recent global environment has significantly accelerated the flight to quality phenomenon. Consumer willingness and appetite to pay premium for quality development has also increased and consumers are now looking to prioritize experience and well-being. As a corporate developer, with a key focus on developing quality experiences catering to holistic well-being of its users, the above phenomena is a highly positive sign for the company.

With this, I hand over the call to Amit to take us through Max Asset Services.

Amit Midha: Well, good afternoon. Thank you, Rishi, and thanks for the market overview and project update. I would like to highlight the progress of the Max Asset Services now. Max Asset Services, as you know, is responsible for all aspects of operating office assets. In addition to providing all workplace management solutions like full service facility management, hospitality and taking care of the customer experience; we also provide end-to-end managed office services including but not limited to the fixed fit-out leases, fit-out design and build.

Our managed flexible office offerings, our WorkWell suites at Max House, Okhla has been leased 100%. As a part of our WorkWell philosophy, we continue to differentiate our tenant experience by adding meaningful amenities like salon, an early learning center, multiple food and beverage offerings, shuttle service, recreational and fitness activity network. We continue to focus on bringing novelty especially in our F&B offerings to create a unique ecosystem for our tenants.

With an aim to provide aspirational office experience and best-in-class facilities, we are deploying digital measures to enhance safety, security and comfort for our patrons. Technology is also being implemented across all verticals to help augment our operational excellence whether it is parking management, efficient elevator operations, robust real estate management protocols, etcetera. At Max Asset Services, we also believe in being responsible towards our environment and surroundings.

Measures to save electricity and power, recycle water, use of green chemicals for housekeeping upkeep and maintain and monitoring air quality are just a few examples of how we blend health and wellness into our operations. Revenue from Max Asset Services increased by 50% year-on-year in financial year '23 to INR358 million. We expect the facility service business of Max Asset Services to witness a stronger growth in the coming year financial year '24 as we have taken steps to further optimize cost and improve margins and also because the higher percentage of offices are now open and expected to avail our services.

With this, I hand over the call to our CFO, Nitin Kansal, for the financial updates. Thank you.

Nitin Kumar Kansal: Thank you, Amit. Good afternoon, everyone. Let me begin with giving you the financial highlights for the quarter 4 FY '23. The consolidated EBITDA for Max Ventures stood at INR76 million, a growth of 67% as compared to the quarter 4 FY '22. The consolidated profit after tax stood at INR42 million in quarter 4 FY '23 as compared to INR24 million in quarter 4 FY '22, a growth of 74%. Coming on the financial highlights of the financial year '23. The consol revenue was up 6% year-on-year to INR1,073 million.

The consol EBITDA was up by 23% year-on-year to INR317 million. The consol profit after tax stood at INR170 million in FY '23 versus INR47 million in FY '22. Total leased rental income across Max Towers and Max House was up by 30% year-on-year to INR483 million. Now speaking about our liquidity position. The gross debt stood at INR830 crores as on 31st March 2023 and against that, we had cash and cash equivalents of INR160 crores. Hence a net debt of INR670 crores.

I would like to hand over to Moderator for opening the question-and-answer session. Thank you.

Moderator: The first question is from the line of Karan Khanna from AMBIT Capital.

Karan Khanna: Congratulations on a successful FY '23. Sahil, my first question. When you talk about Slides #9 and #10 of the presentation so you spoke about the key performance indicators for FY '23 and now in FY '24 given we are 2 months into FY '24, if you can briefly talk about 2 or 3 key performance indicators that will be important as we track FY '24 and which are critical for Max becoming a leading real estate brand in the Delhi NCR region?

Sahil Vachani: Karan, that's a great question. For FY '24, there are going to be 3 key successful metrics. The first, obviously we are launching for the first time in the NCR a residential project and therefore, a key metric on sales of our first residential project is going to be a very key KPI for us. The second is going to be the leasing of Max Square and the second phase of Max House Okhla.

Third will be getting our second residential development in Gurgaon ready for us to be able to launch early part of next year. Fourth will be getting additional growth opportunities in our pipeline over and above what we have currently. And fifth is obviously the timely execution of all our projects in terms of time, cost, quality. And obviously underlying each of these aspects is the processes, capabilities, bandwidth and role of technology and digital interventions for us to be able to really become best-in-class in each of the processes.

Karan Khanna: Great. Thanks for the detailed clarification. So just a follow-up on this. When we talk about your Sector 128 Noida launch that's possibly 1 month, 1.5 month away. If you can talk about the key customer profile that you'll be targeting and likely what are the channel and customer engagement programs or perhaps events that you have in mind ahead of the launch?

Rishi Raj: So in terms of Sector 128, first in terms of customer segments given that this is high-end premium luxury, a very boutique marquee, one of the less dense project in Delhi NCR; it will be clearly the CXOs. The business folks who have got work in Noida, but they're residing in part of the Delhi NCR as well as lot of people coming from professional services background including lawyers, doctors.

Those are the kind of customers who would be looking for their residences here in Sector 128, Noida. In terms of distribution, which is one of the most critical aspect for the success, here we are working on both the vectors, direct as well as through what is called as channel partners, who we call our LiveWell partners. We will be working closely with both of them with a healthy mix between the 2.

And the homework with respect to building out this distribution network is already in place and we will activate that further once we get our RERA approval. In terms of campaigns and event, we have built a very solid marketing team and we have put together a very detailed both MEL branding as well as Sector 128 branding campaign covering all channels; be it print, be it other ATL and BTL activities. So all of this you will see playing out once we have got our RERA approval, which we expect soon.

Karan Khanna: Great. And my third and last question. When I look at Slide #12 on the pipeline of projects that are under commercial negotiation talking about the projects in Delhi. If you can talk about the minimum threshold IRR when you're evaluating projects. The reason I ask is because the way land prices have shot up especially in Delhi micro market, how should one think about project-specific IRRs that you focus on in terms of new business development?

Rishi Raj: Across all our assets, particularly your question to residential, we look at 2 metrics. One, the cash margin after factoring in all the cash outflows over the life of the project and our target is in the range of 25% to 30%. As far as IRRs are concerned, our target is upwards of 20% IRR in all the projects that we evaluate.

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

Nehal Jain: I had a few questions. What is the expected revenues from Max Square and Max House Phase 2 in the next year and in FY '25?

Rishi Raj: So in terms of our steady state top line, for Max House Phase 2 is upward of INR25 crores and for Max Square it's upward of INR60 crores.

Nehal Jain: Okay. And sir, can you give your views on the company's capex plan for '24 and '25, like for the next 2 years?

Nitin Kumar Kansal: So Nehal, as you must have seen from our presentation, we are under the process of implementing projects across residential and commercial both in Gurgaon and in Noida. The project and starting with the commercial space, we have got Acreage Builders, the entity which owns around 7 acres of land in Gurgaon. This land has a development potential of close to 1.6 million square feet and we have got New York Life as a 49% equity factor into it. In this we already have paid -- the capex has been deployed for the acquisition of the land and the project is in the design stage. At this stage, we are expecting the total project outlay on this project to be approximately in the line of close to INR1,100 crores, which will be a combination of debt and equity.

And the second project would be Max Square, which is Phase 2. Max Square Phase 2 which would have a total development potential of close to 1.2 million square feet, again in which we would have New York Life as a potential partner. Within the entire life cycle of the project, the total capital deployed expected on Max Square is in the range of close to INR800 crores. That exact numbers will get much more prudent when we have the design frozen. In terms of residential which we have in Sector 128 for which we have already paid for the land an amount close to INR320 crores, we will be spending certain money more before we start the launch.

And post that from the working capital cycle from the future is yet to be funded for the project in Gurgaon, which is 36A and the amount of INR49 crores has been paid in advance in the last financial year. And we expect the remaining monies to be deployed precycle the customer exclusives.

Nehal Jain: Okay. Got it, sir. And sir, my last question, what is the current status of Delhi One in Noida? By when can we expect that to come under Max Ventures?

Rishi Raj: This is Rishi again. On Delhi One, the good news is that NCLT has approved our resolution plan and this would be one of the first few resolution plans, which has gotten approved in real estate. The implementation and takeover of this project by Max as a successful resolution applicant will happen after we receive a certain set of approvals, which are fundamental or imperative for the execution of the project. And in that context, the order has given us a window of 1 year to engage with authorities like Noida and seek those approvals. So we are currently in that particular phase of engaging with authorities for the approval.

Moderator: The next question is from the line of Riya Verma from NR Securities.

Riya Verma: Sir, 2 questions. Firstly, what is the revenue and profitability target was fiscal year '24 and '25?

Rishi Raj: So Riya, from a revenue perspective as far as FY '24 is concerned, this will be upwards of INR100 crores. And instead of painting year-on-year picture for you, let me give you a broader guidance as we are building out our real estate portfolio. Once all of our commercial real estate assets reaches a steady state over the next few years, which is around 4.5 million square feet roughly, we are looking at overall rental portfolio of somewhere around INR450 crores.

Number two, if you look at around 3.5 million square feet of residential portfolio that we already have in, we are looking at gross development value of over INR4,500 crores. So when you put all of this together in our projection over next few years, we are looking to reach a top line of INR2,500 crores and then continue to maintain and grow that by continuously adding more projects in pipeline given us stated aspiration of at least 1 million square feet each in commercial and residential.

Riya Verma: Right, sir. And we are seeing increasing debt so what is the optimal level of debt that we plan to have going ahead?

Nitin Kumar Kansal: Riya, this Nitin Kansal. Currently we have a debt of close to INR830 crores on the balance sheet against which we have a cash balance of close to INR160 crores. Currently our debt is composed of a construction finance and lease rental discounting. Currently more than 50% of our portfolio comprises of the lease rental discounting rentals and the remaining is for construction finance. The way we look at it is that we would not like to exceed our debt-to-equity ratio of more than 0.6 going forward.

Moderator: The next question is from the line of Shreyans Mehta from Equirus Securities Private Limited.

Shreyans Mehta: Congratulations Sahil, for strong BD. Few questions on my side. First, on the commercial, if you could highlight in terms of the tenants, what is our tenants profile? And the reason I'm asking is one of the largest companies has actually given that details. So are we posting anything of that sort in our commercial portfolio?

Sahil Vachani: Firstly, our portfolio is very small in context to the largest in the country and within that if you see for Max Towers and Max House, we have more front office developments where most of our clients are law firms, banks, multinational companies. So we are reliant so far in our portfolio on tech companies so far is very, very limited impact, almost negligible. So these are more front office locations. So so far we are not seeing any clients that are leaving or any vacancies. As we have disclosed, we continue even in the March-end quarter to remain at 100% occupancy across both our developments.

Shreyans Mehta: Perfect. And anything on the future the commercial pipeline which we have, which will come onstream. So there probably we are seeing some sort of negotiations or price which we might have expected, but there, there could be some pressure?

Rishi Raj: I'll take that. So I think that's a great question. Let me just spend a minute talking about what are we seeing in the market when it comes to office demand. We are looking out to lease Max Square and Max House Phase 2. And as we are out there in the market, we have seen 2 bps or 3 bps over last quarter or 2.

Number one, the demand is shifting more towards domestic leading Indian players compared to large multinationals. We strongly believe this is a temporary phenomena. Having said that, that's the shift we are seeing and we're expecting over next couple of quarters. We have seen shift from very large take-up at least in Delhi NCR in what we are seeing in our demand profile from 100,000 square feet, 200,000 square feet, 300,000 square feet to 30,000 square feet, 50,000 square feet, 75,000 square feet kind of pickups.

And number three, we have seen shift away from technology which used to be the biggest contributor to office demand. If you look at quarter 1 2023 calendar year data, that has shifted to financial services accounting for 22% and other sectors in the mix are manufacturing, health care, professional services and so on and so forth and technology is also there. So with these shifts, we have already adapted our business development to cater to these shifts and engage with the intermediaries and with the clients who are looking for office space both in Noida as well as in our Okhla project. And we have a bit more of a question, and some consequence of leasing it out over next 12 months to 18 months.

Shreyans Mehta: Got it. Perfect. So now my second question pertains to Asset Services. So one clarification. The services which we give or the revenues which we book is pertaining majorly towards our assets, right? Is the understanding right?

Amit Midha: I'll take this. My name is Amit. Yes, we manage only our assets as yet. But as said in the whole call and as shown in the presentation, we not only manage our own assets within the common areas, but we also have built the capabilities to manage the tenant office if at all that is how the tenant wishes to. So yes, that could be another revenue stream for us. And like I said, we have the capabilities of managing our tenant office when it comes to facilities and customer experience.

Sahil Vachani: But to answer your question, it's just all of them in our buildings itself.

Shreyans Mehta: Okay. Sir, is the understanding correct? Once commercial the additional lease comes in, then the MAS will also increase by the same size?

Sahil Vachani: That's correct.

Shreyans Mehta: My question was once the 2 commercial assets come onstream, that will also bring in additional revenues for MAS?

Amit Midha: Yes. That's correct.

Shreyans Mehta: Got it. And lastly, on the resi part so now that we've already done 2 new acquisitions and probably we are intending to add 1 million square feet to each every year and if I look at the leverage, that is at around INR800-odd crores. So going forward, what would be our strategy in terms of the resi? Will it be purely land acquisition or probably will this be a mix of JV?

Rishi Raj: Yes, I'll take that. We will continue to look at both opportunities in residential, outright acquisitions as well as joint development. This is evidenced by if you see the 2 opportunities that we've closed, one of them is an outright, one of them is joint development. In terms of debt, Nitin has already clarified our intention of keeping our debt equity at 0.6, 0.7:1 and with the majority of that debt being lease rental discounting income.

Shreyans Mehta: Perfect. And 1 last clarification if I may. So coming back to MAS, its 2 assets are in 51%, 49%. So the 100% in what is reported in accordance to us or there also it's in the same ratio?

Nitin Kumar Kansal: Shreyans, this is Nitin. 100% revenue accrued to Max Asset Services, that doesn't go in the ratio of 51:49.

Shreyans Mehta: Got it. Best wishes for the residential launch.

Moderator: The next question is from the line of Jaikishan Parmar from P3 Green.

Jaikishan Parmar: First of all, congratulations to management for really decent set of number and whatever guidance they have given initially almost achieved. So the first question is that related to NCLT Delhi One project. So I have went through some of the NCLT orders so what I understood that there is some difference between you and Noida authority. So can you give us some understanding on this?

Sahil Vachani: Yes, I'll take that. This is Sahil. So our Resolution Plan has sought certain concessions with respect to a clean slate principle with respect to waiver of charges that the authority had levied on the erstwhile developer pertaining to interest component and extension charges and also getting a fresh period of time for construction given that we would be stepping in as new developers. So that is what our Resolution Plan has sought in terms of relief and concessions.

The Resolution Plan in its totality has been approved by the NCLT and we are working with the authority to seek if they can build the policy to be able to have a construct to be able to address some of these reliefs and concessions that could be applicable not just to Max Estates, but for any successful resolution applicant for any insolvency project in the State of Uttar Pradesh.

Jaikishan Parmar: Okay. The second question is related to some of the participants asked about future revenue estimate where we said around INR450 crores would be the rent earnings for Max Estates in next 4, 5 years once all the commercial real estate gets completed. So is this INR450 crores is Max portion or it's consol INR450 crores.

Nitin Kumar Kansal: This is consol.

Jaikishan Parmar: Okay. And last question. Can you please give some numbers on or some I mean understanding on investments like Azure and what you have done 1 or 2 quarters.

Nitin Kumar Kansal: Jay, we have got an investment in Azure Hospitality for which we've already taken an impairment of INR27 crores and we're currently carrying it on the books at INR45 crores. The entire F&B industry went through a rough patch during the COVID times, but has significantly bounced back since then. As we speak today, the operating performance of the business has significantly improved in fact even better than what they had before COVID times. But currently they are still struggling little with the pains which they have endured during the COVID. We are hopeful to retrieve our capital from that investment.

Sahil Vachani: I think I'll also add in here, Nitin. This is Sahil. That our strategic focus is not to be in any investments at all. Our focus is very clear to be purely in the real estate development business of commercial and residential in the national capital region. And to the best extent possible, we are going to attempt to clean up 1 residual investment that we have as Nitin outlined.

Moderator: The next question is from the line of Rajvi Shah from Shah Financial Advisory.

Rajvi Shah: My first question is are we seeing a slowdown in commercial real estate through the last few months?

Rishi Raj: Okay. I'll take that. As I mentioned in my narrative, given the development globally yet if you look at quarter 1, 2023 number, on a year-to-year basis it went up by 9%; but on a quarter-to-quarter basis, it came down. But the devil is in detail. So when you look at what is happening, there are 3 shifts that I talked about. In addition, what we are seeing is there is a clear phenomena with respect to flight to quality and in all our discussions with the tenants in the pipeline, we are seeing a very, very visible need on the part of tenant to move to Grade A+ better quality offices as that has become now imperative for the employees to return to office and from an overall employee engagement and experience perspective.

So when you put all of that together at a macro level, you may see numbers slowing down from a quarter-to-quarter basis. But at a micro level when you look at the data between Grade A+ developer owned, developer managed versus starter sold, clearly the occupancy levels, the rental premium stand out for those developments and that is already demonstrated in our Max Towers, Max House and we are seeing similar trends in our pipeline for new assets.

Rajvi Shah: Okay. I just have 1 more question. By when do you plan to launch the residential real estate in Noida and what is the interest receiving for this project?

Rishi Raj: So as shared earlier, our building plan is approved, our RERA submission is done and we are awaiting approval. We are very confident of launching this by mid of this calendar year and we are very positive on the traction this product will receive. We will actively go out in the market once RERA is in and we will share more updates with you following that.

Moderator: The next question is from the line of Siddharth from SASS & B.

Siddharth: Firstly, congratulations for a great set of numbers. I am an individual retail investor and I've been following this company for a while now. So my first question basically as a small shareholder relates to the valuation of the business. In terms of the numbers that you guys are putting forward on a 2-year forward basis where our rental incomes would be north of INR300 crores, INR350 crores. How is it that larger institutions within the industry are still not able to understand how to value us?

Is it a shortcoming on our part as a business or are we not doing enough investor meetings? Secondly, even if I look at this con call that we have, while we do have some institutions; why don't we have larger mutual funds or larger private equity firms or private stock market firms attending our calls, trying to understand the business? Because our current market cap of INR2,300 crores, INR2,400 crores makes no sense to me.

Sahil Vachani: Thanks a lot for the question and for your support. So the answer to your question is clearly that it's a journey. I think if you look at us from a year ago to today, we were a packaging business and trying to do something in real estate. I think with the exit of the packaging business, we've now become more pure play. And then we had 1 or 2 particular assets in office space, which were stand-alone assets. We did not have a pipeline. Over the last 5 or 6 months itself, we have been able to add a pipeline of residential and commercial.

We've been able to raise additional capital through New York Life Insurance. And I think with the merger of Max Ventures and Max Estates on the anvil, the company being rebranded as Max Estates, our residential project getting launched in the next couple of months; I think will enable us to get more traction, will enable us to be seen more seriously by a lot of the institutions. And like I said, it's a journey. We have had some very strong institutions who've come in already and who started to support us.

Obviously we believe that there is a long way to go and your feedback is very well noted in terms of continued outreach that the management team will do in the months ahead post our launch of residential, post the fact that the company has been rebranded as Max Estates. And we are very confident because the Max Group has had a history across all its businesses of having very strong institution to our shareholders.

So we believe that the governance that we bring to the table, with the quality of developments that we have, with the scale that we have, with the focus that we have; there is no reason why coming times large institutions will not look at this stock as well given the track record and pedigree of the Max Group. So I can assure you that the management team will make all efforts to do whatever we need to to be able to do that. And like I said, it's a journey and I truly believe that we are just in the early days and just got started there. But thank you for your support.

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

Sahil Vachani: Thank you very much for your participation and I look forward to speaking with you on the next investor call. Thank you.

Moderator: Thank you. On behalf of Max Ventures and Industries Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.