February 7, 2022

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 FY22 HELD ON JANUARY 25, 2022

Dear Sir/Madam,

Please find enclosed the transcript of Earnings Conference Call conducted by the Company for Q3 FY22 on Tuesday, January 25, 2022.

This is for your information and records.

Thanking you,
Yours faithfully

For **Max Ventures and Industries Limited**

Nitin Kumar Kansal
Chief Financial Officer

Encl: As above

"Max Ventures and Industries Limited Q3 FY2022 Earnings Conference Call"

January 25, 2022

MANAGEMENT: **MR. SAHIL VACHANI - MANAGING DIRECTOR & 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 ESTATES LIMITED
MR. ROHIT RAJPUT - CHIEF EXECUTIVE OFFICER - MAX ASSET SERVICES

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2022 Earnings Conference Call of Max Ventures and Industries Limited. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 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, MD & CEO, Max Ventures and Industries Limited for his opening remarks. Thank you and over to you, Sir!

Sahil Vachani: Thank you. Good morning to all. Thank you for joining us on the Max Ventures and Industries Q3 FY2022 Earnings Conference Call. I hope you and everyone around you were safe and in good health.

Joining me today we have our CFO, Mr. Nitin Kansal, Mr. Rishi Raj our Chief Operating Officer, Mr. Rohit Rajput, CEO of Max Asset Services, we also have SGA our Investor Relations Advisors on the call.

The presentation has been issued to the Stock Exchanges and uploaded on our company's website. I hope everyone has had the opportunity to go through the same.

Just to give you a quick strategic overview of Max Ventures as it stands today.

As many of you are aware, our company has pivoted our focus to the real estate business as we exited our packaging business during the previous quarter. The transaction is expected to be completed within a fortnight and we expect to receive anywhere between Rs. 600 - 650 Crores from the sale. As per the understanding agreement with Toppan, we expect to receive the first tranche of payment which will be close to 80% of the sale value in a fortnight and the balance 20% before end of June 2023.

Moving forward - we are also exploring restructuring options to merge the wholly owned real estate subsidiary Max Estates Limited to rechristen Max Ventures as Max Estates Limited. This change of name will resonate better with the business vision, strategy and focus of the Company.

Our vision and aspiration is to emerge as a leading developer in the National Capital Region with implementing our philosophies of both WorkWell and LiveWell across commercial and residential projects respectively.

We expect to utilize the proceeds from the divestment of the packaging business to fund new projects which are in the pipeline and thus to achieve significant scale. In addition, we will also look to develop projects in partnership with domestic or international institutional investors.

Although, we have taken time to close newer opportunities, we have built a robust deal funnel working with a wide spectrum of associates. With real estate being our only focus now, we are confident of 2022 to be a transformational year for our company in the real estate business with sizeable deal closures both in residential & commercial segments.

The financials of the company as you see it now would comprise only of lease rental income from Max Towers & Max House Phase 1 and a small number from the sale of our first project 222 Rajpur. Both from Max Towers & Max House, the full revenue potential is not yet achieved as some of the units are still in fit out phase.

The revenue pool is expected to grow as Max House Phase 2 and a new project, Max Square gets completed and thereafter leasing commences. Significant additions to the cash flow streams will also happen when we launch residential projects. Max Estates cash flows will gradually build-up over time from only leasing inflow to leasing income plus residential cash flows. Both these income streams will further build-up over time from few projects to multiple projects as we continue to add new projects.

The company has also embarked on its ESG Journey and sustainability will be at its core of all future developments.

Having demonstrated success with our initial developments, 222 Rajpur, Max Towers & Max House and in particular with all of them commanding a significant premium to micro market pricing, we are confident to recreate the same in our residential real estate journey as well and create value both for our customers and all our stakeholders.

With this, now let me hand over to Rishi for detailed business updates

Rishi Raj: Thank you Sahil for the strategic overview. Let me now give you the real estate business updates.

The start of Q3FY22 witnessed strong leasing in the commercial real estate business on the back of 'Return to Office' and companies signing up new leases as they expand their business. While pan-India net leasing, as per JLL, at 26.7 mn square feet in CY 2021 ended marginally higher than CY 2020, the last quarter of the year saw 41 percent jump on a year-on-year basis. We witnessed much higher footfalls at Max Towers as well as Max House. We are delighted to share that we achieved 100% leasing of Max House in Q3 FY22 converting the enquiries into signing up of leases at significant premium rental rates to micro market. Very happy to share that the weighted average rental at Max House is at INR 125 per square feet where micro market is at best in high double digits.

Business had witnessed a very strong momentum but unfortunately during the end of Q3 and start of Q4, due to the rising COVID cases, companies have had to again revert back to work from home to prevent the spread of the virus. We hope the third wave subsides soon and the economy gets back on track with no restrictions.

A blessing in disguise for us this time is that both our completed projects– Max Towers & Max House are almost leased out, so we do not have anything incrementally to lease out. Hence, we are kind of insulated from this third wave of COVID at least on the leasing side of the business. Work on Max House Phase 2 and Max Square our upcoming developments remain on track both in terms of cost and time and are expected to be delivered by Q3FY23, which is Max Square and by August, September of FY23, which is Max House Phase 2. And, we already started receiving strong traction of enquiries for Max Square at the back of proactive outreach and engagement with potential clients looking to diversify to Noida as a part of 'hub and spoke' or 'deconsolidation strategy' to be close to where the talent is. We are confident of securing 'Pre-lease' deal closures as the third wave subsides and the economy will be back to normal.

Now coming to Q3 updates:-

- Total leased area at Max Towers now stands at ~5.06 Lk Sq. Ft.; Leased area attributable to Max Estates stands at ~2.89 Lk Sq. Ft. Both at Max Towers overall level as well as for areas owned by Max Estates, 96% of the office space is leased. This figure when we claimed in the last quarter was at 93%. Lease rental income from Max Towers stood at Rs. 73 Mn in Q3FY22 versus Rs. 50 Mn in Q3FY21. On a full year basis next year, we expect the total lease rental income from Max Towers to be in the range of INR 350 - 400 Million.
- At Max House Okhla, 100% of the area is now leased out. The total leased area stands at about 1.05 Lk Sq. Ft. Lease rental income from Max House stood at Rs. 24 Mn in Q3FY22. As some units are still in the fit-out period, full rental potential is yet to be achieved. On a

full year basis next year, we expect the total lease rental income from Max House Phase 1 to be at ~INR 150 - 160 Mn.

- The weighted average rental rates continue to be at a significant premium to the respective micro markets of both the office assets – INR 105 per square feet for Max Tower and INR 125 per square feet for Max House.

Now coming to the outlook:

As Sahil mentioned that we are evaluating a lot of development opportunities and are at different stages of the deal cycle as we have explicitly called out on page 13 of the IR deck. On Commercial Real Estate front, we are evaluating more than 10 deals constituting 14-15 mn square feet of leasable area and of that 3 are in Due Diligence phase. Of the three two deals are in Gurgaon and 1 is the Delhi One which has pending NCLT approval.

Similarly, in a short span of a few quarters we have built a robust pipeline of deals across Delhi NCR for Residential – we are currently evaluating 20-25 mn Square feet of saleable area; And, of that we are delighted to share that we had executed term sheet for 1 in Gurgaon with approximately 3 mn square feet of development potential and we are in the process of due diligence with expected timeline for closure by March/April 2022.

While the third wave of COVID has slightly slowed progress for deal closures, we are very confident of closing a new growth opportunity in Q4 FY22 to Q1 FY23. Even on Delhi One front, there has been positive development with several objections to the plan being withdrawn and this hopefully will expedite the plan hearing process in NCLT in coming months. As we work out the finer details, we shall be more than happy to share the business updates with you all.

We are extremely excited about our future development pipeline for the year 2022 for residential as well as commercial and make Max Estates, one of the leading multi asset class real estate developers in the Delhi-NCR region in the times to come.

Now let me hand over to Rohit to talk about Max Asset Services

Rohit Rajput: Thank you, Rishi. Let me give a brief highlights about Max Asset Services. Our managed office offering – 'WorkWell Suites' at Max House Okhla offers flexible space to the occupiers who do not prefer to have a long-term lease commitment. It saves a huge upfront cost for the companies and also saving them from the hassle of maintaining the office space. This segment has seen strong client take up in the last quarter as per reports of various International Property Consultants.

We have created a 200+ seats managed office space at Max House which is 95% signed up now. We are extremely encouraged with the response and will strongly evaluate launching WorkWell Suites at our upcoming projects as well.

As a part of our WorkWell philosophy, we continue to differentiate our client experience by adding more amenities, like a salon, an early learning centre, shuttle services, badminton courts, etc., to improve the experience. We continue to bring in various F&B options to create a unique ecosystem for our clients to WorkWell.

We also continually engage with our clients to incorporate their interests and feedback to improve the client experience. Our events vertical, Pulse, organised sessions around wellness & sports while adhering to COVID protocol in the last quarter based on themes such as theatre, health and wellbeing and F&B.

With an aim to uplift our assets 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 and air quality monitoring.

Revenue for MAS stood at Rs. 65 Mn in Q3FY22 versus Rs. 27 Mn in Q3FY21. We expect the facility services business of MAS to pick up once the offices resumes normal operation and avail its services.

Now let me hand over to Nitin Kansal.

Nitin Kansal: Thanks, Rohit. Good afternoon everyone. Before starting with the numbers, an important point to note is that until the last quarter, our financials also included the numbers from the packaging films business. As we have exited that business, the Q3 FY2022 numbers are not comparable to the previously published numbers. Our Q3 FY2022 results now only include the real estate business, Max Estates and our managed office business, Max Asset Services. The previous period numbers are also adjusted accordingly for like-to-like comparison.

Now, let me give you the financial highlights for Q3 FY2022:

Consolidated Revenue for Q3FY22 increased by 134% YoY to Rs. 382 Mn

Let me give you a break-up of this revenue for Q3:

Lease rental income from Max Towers stood at Rs.73 million while the lease rental income from Max House phase 1 stood at Rs.24 million in Q3 FY2022.

We sold 3 villas in 222 Rajpur during Q3, which contributed to a revenue of Rs.190 million.

Income from Max Asset Services stood at Rs.65 million.

Other related ancillary income stood at Rs.30 million.

The consolidated EBITDA for Q3 FY2022 stood at Rs.109 million as compared to an EBITDA loss of Rs.28 million in Q3 FY2021.

Consolidated PAT for Q3 stood at Rs.30 million compared to reported loss of Rs.93 million in Q3 FY2021.

Coming to the liquidity position

The gross debt for Max Ventures for continuing operations stood at Rs.224 Crores as on December 31, 2021, whereas we had cash and liquid investments of Rs.76 Crores resulting in a net debt of Rs.148 Crores for the real estate business.

With expected divestment value of Rs.600 to Rs.650 Crores for our packaging business and our balance sheet will strengthen even more, which we will be deployed in the real estate business going ahead.

I would now like to hand over back to Margaret for the Q&A session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Puneet from HSBC. Please go ahead.

Puneet: Thank you so much and congratulations on making this good move off to pure real estate business, all the best for that. My first question is on why enter into residential, residential and commercial are two very, very different businesses with different capital allocation, requirements and different skill sets also needed, why get into both of them when you are doing quite a good job on the commercial side to start with?

Sahil Vachani: Thank you, Puneet. I will take that. This is Sahil here. So, Puneet, this is a great question and we discussed and deliberated a lot on this. First, we believe that real estate is a very local business, so us being in NCR having delivered in NCR, I think there is a value to that, second there is a significant opportunity in the residential business as well given that if we look at a city of the National Capital Region more than 20 plus million people and maybe not more than 2 or 3 trusted real estate developers that exist, so we see a huge gap in the market as an economic opportunities, third if you look at the macro fundamentals over the next 10 to 15 years, if you look at countries for example other countries where real estate contributes significantly higher number to the GDP that it has in India, so we believe that there is a huge opportunity for real estate as an industry to grow in NCR which is one of the greatest cities that exist, that are hardly 1 or 2 developers, we are local, we are based in NCR, we have a track record of delivery and finally, we have a very strong brand, which resonates with people for trust, for credibility and for delivery now particularly in the real estate space. We want to be able to bring and uplift experience for people not only from work while perspective for office, but also led well for residential, having said that we are extremely cognizant of the risks that comes with the residential real estate business and as you will see in the coming quarters we are going about this in a very calculated and risk adjusted basis and you will see that it times to come, thank you for your good wishes and question again.

Puneet: So why Dehradun right, so Dehradun is not necessarily NCR, why do they venture into smaller city?

Sahil Vachani: So Dehradun is not, we are only going to focus on Delhi, Gurgaon and Noida, Dehradun was our first project, which we had done four-and-a-half and 5 years ago, when we were just trying to experiment in the real estate space, so the experimented with the very small project of just 20 villas, that was the first experiment in 2016, moving forward we are not going to be doing any more developments in any other cities other than Noida, Delhi and Gurgaon, so our focus is NCR, this is a project we have 5 years ago, which is translating into the revenues as per the accounting methodology today.

Puneet: In terms of product mix do you want to position yourself as one making in a similar Villas or gated community or plotted, how do you position yourself?

Sahil Vachani: We will an opportunities across the value chain, you know we see the opportunities across a plotted, we see opportunities across gated communities, our strategy is to be like I said across two, three micro markets and as we have already demonstrated in Max Estates to be at a premium to that particular micro market, so it is aspirational, premium offerings on the back of a sustainability footprint that we are going to be able to do, so that is our strategy.

Puneet: Similar to WorkWell, is there a plan to do core living kind of project within the residential project as well?

Sahil Vachani: We do not have detailed plans as of now, but our residential projects will be what we call the ecosystem across various offerings, some commercial, F&B, a little bit of a health center, intergenerational living so to really be able to impact and positively drive the consumer experience, so our developments are going to be focused on the end consumer experience and not just to launch it from a brand perspective, but that is the basic hygiene that it has to be, it comes from the house of Max, but more importantly it will uplift the consumer experience in terms of what we are looking to do.

Puneet: Sorry, I did not get it right that you are trying to do a mixed use development project?

Sahil Vachani: No, it will be residential, but there will be other components that will be ancillary to the residential ecosystem that enable a better consumer experience for the people who will buy.

Puneet: So, primarily residential, but some retail shops here and there basically?

Sahil Vachani: Exactly just whatever is required for like for example, a small educational center, a little health centers, F&B, retail, centered around residential if you see what we have done in the office space across Max Tower and Max House, you will see that these elements have added tremendous value to the experience of our customers for example, Max Tower is the only building in probably NCR that has an in house auditorium that has in-house early learning center for children, a hair salon, a health center, a meditation center, a wellness center, four different independent restaurants, event spaces so on and so forth.

Puneet: Understood and when you said Rs.125 of rental for I think Max House that was right, does it include the CAM charges also, it is a pure rental?

Nitin Kansal: Yes, it is pure rental.

Puneet: How much does the CAM charge over and above that?

Nitin Kansal: The CAM charges are about Rs.24 plus actual on each, per consumption.

Puneet: Alright, so occupier’s perspective they will be paying close to Rs.150 there plus?

Nitin Kansal: Yes, broadly plus whatever they consume and this costs change inline with input cost also typically.

Puneet: Very interesting. Thank you so much. This is very good. All the best.

Moderator: Thank you. The next question is from the line of Sanjay Kaul from FE Securities. Please go ahead.

Sanjay Kaul: Good morning, everybody. I wanted to find out on page 5 of your presentation it says that we are having discussion with half a dozen landowners to acquire and develop prime land, are you going to acquire the business, it is the residential portion also or is it going to be the commercial portion only?

Sahil Vachani: Sorry, you are talking about page 5?

Sanjay Kaul: Page 5 of your presentation, the last, it says that that Max is well into advance discussion with nearly half a dozen landowners to acquire and develop land parcels in NCR, are you going to acquire the residential portion also or is that it is going to be joint development and the portion will be limited to commercial portion?

Rishi Raj: Yes, I will take that, so our strategy both for commercial and residential, we are looking at mix of opportunities, some could be an outside purchase of the land and we develop completely end to end 100% own and develop it. There are opportunities, which are also on the joint development model, so we are evaluating both the models in commercial and residential and what we have shared with you on page 13 of the IR deck all those opportunities are mix of outright and joint development.

Sanjay Kaul: In page 6, you have given the approximate rental that you receive in 2023, but 2024 you do not mention, I think there will be a standard jump in rentals going forward because the Max House will pass and Max Square will be up and running, so give me some figure on financial 2024, what kind of rentals could we expect?

Nitin Kansal: Good morning, Kaul Sir. Kaul Sir in terms of for FY2024 and FY2025, we expect Max Square and Max House phase 2 both fully operational, although we do not give any forward-looking guidance in terms of revenues, but in terms of basis of the current prevailing rentals we expect an incremental revenue of close to 60 Crores to 80 Crores flowing to us or there is 70 Crores to 80 Crores flowing from us from lease rental income on the basis that the current prevailing rentals and as in the past we have been able to out perform the market, the local micro market by more than 25% to 30%, we expect to have a significant jump over that number.

Sanjay Kaul: So, 2022 to 2023 you have given a guidance of 50 Crores to 55 Crores of the rental, 2023-2024, where about can I expect it to go to 125 Crores to 130 Crores?

Nitin Kansal: Not exactly in 2023-2024, but for FY2025 for sure.

Sanjay Kaul: 2025 for sure, okay, because it is little over here, gives me very detailed of each project, but consolidated hit are not there and in page 13 you have given the details that actually now we are talking of 23 projects over here, you are having discussion with covering about 37 mn square foot? Am I right on that?

Nitin Kansal: Yes, your understanding is correct

Rishi Raj: Just to clarify as you would see in any real estate business the key to success is to have a large funnel with deals in the different regions right and what we have done on page 13 is basically different deals at different stages where we are active.

Sanjay Kaul: This Delhi One when you think the thing will come about NCLT process and you will actually land yourself at this project any idea?

Rishi Raj: So again very difficult to put a timeline to a court process. As I mentioned in my narrative, our plan is in NCLT, there were a few objections to the plant, the good news is most of those objections have been withdrawn and subject to the third wave we are expecting to begin and the speed to get expedited, I think that is the good news, by what time it will conclude difficult to say given the court process.

Sanjay Kaul: But could we expect something by March 2023?

Rishi Raj: Absolutely, yes.

Nitin Kansal: Kaul Sir, Just to add in that on Delhi One I think the good news is that we have been able to resolve the few outstanding matters pertaining to the project, so what we believe is now it is just a matter of time before the court start progressing normally and we should have an expedited response to Delhi One.

Sanjay Kaul: This is a mix of commercial and residential both?

Rishi Raj: Yes, that is right. It is a mixed use, combination of service residential, retail, office.

Sanjay Kaul: What I see is a market cap is about 1700 Crores, we receive a net of tax of about 500 Crores from sale of this project?

Sahil Vachani: Yes.

Sanjay Kaul: That comes about 1200 Crores and 150 Crores that we have right now, 1350 should be the EV for the company?

Nitin Kansal: Kaul Sir, this should not right value to look at in the way we look at is currently our enterprise value itself could be in the range of 1700 Crores to 1800 Crores considering we have got Max Towers, if we cap, the Max Tower with the prevailing cap rates and Max House plus our investments at Max Square considering the stage where it is the cash and our investments like Azure Hospitality, we believe we would or our EV would be more closer to 1800 Crores to 1900 Crores.

Sanjay Kaul: No, I am talking stock market.

Nitin Kansal: Market cap is put together at 1700 Crores, but from an intrinsic value we are closer to.

Sanjay Kaul: Intrinsic value is something, I am not talking about intrinsic value. That will be more or so, depending on whatever that we have, so I am just looking at some 1300 Crores to 1400 Crores if I need to buy out Max Ventures completely, how much out of the aggregate 1350 Crores for settling the bank and getting 100% equity in Max Ventures. I am looking at 1350 Crores invested will give me 125 Crores to 130 Crores of rental three years down the line that is what I am trying to figure out?

Sahil Vachani: Yes, I think more importantly than the Max for us like I said strategically is for us to deploy this capital to really scale ourselves in the real estate business across both the commercial and residential footprint, as we have demonstrated with the track record that we have. We have been able to execute, deliver and even turnaround distress projects, not only that we have been able to command a significant premium to the micro market, so the way we look at is not with respect to today's market cap, but we look at it in terms of a quantum of value creation that can happen as big being the top 2 real estate companies in the national capital region, which we have absolutely have reason to believe that Max Estates can become.

Sanjay Kaul: I am just looking at for personal holding shares today what is the valuation over here vis-à-vis what you would get in future for the values to go up. Thanks a lot.

Moderator: Thank you. The next question is from the line of Faisal Hawa from H.G. Hawa & Company. Please go ahead.

Faisal Hawa: So over the years has been known to, not only known it is actually nurtured business at the right time of their infection point of those verticals, and you have actually built, executed and even sold out the businesses when they reached almost to full value. So, what are your thoughts at this point of time over, how will the real estate sector pan out and what will be the absolute thoughts about real estate being an expedient rather than a product which has to be delivered.

Sahil Vachani: Absolutely, thank you for the question, Mr. Hawa. I will just share it with you. I think this is a great question because Mr. Singh has identified real estate as the next big opportunity for Max Group and for the sponsor. He believes that real estate is at an inflection point, we are at a cusp particularly in the NCR region of real estate becoming more institutionalized, more corporatized and we want to be at the inflection point of that in the industry, with the onset of the regulations like RERA, GST, and all of that what we have seen it has made real estate more an institutional play, more so with cooperates like Godrej Properties and others that you have seen that have come into the real estate space has enabled this to become more institutionalized, we believe that this is an opportunity for a brand like Max particularly in the NCR region to emerge as the top 2 preferred brands in this region across the asset classes that we operate in, most importantly we believe this is also an inflection point that the experience of the consumer we want to change from it being an investor led experience to consumer actual use and user experience and if you see what we have been able to do with little attention to detail across every small aspect of design, development in each of our developments, we have been able to successfully command a significant premium to the micro market and also have been able to have a 100% occupancy for people to be able to experience that. So we believe that consumer experience driven on the back of efficient design, sustainable design considering the importance that this has in the role of climate change and in our journey of as a country of two goals that we have from sustainability perspective and on the other hand and institutionalizing or a corporatization of real estate are the trends that we are seeing that Max wants to be at the forefront of NCR. We believe that and finally as I said in my other comment also, we think that real estate is going to increase its contribution in the overall GDP for India as it grows and thus with all of these 3 factors, we believe Max Estates is in a beautiful position to be able to capitalize on this in the decade coming forward.

Faisal Hawa: Just two more questions, how will New York Life assist really in our journey that is one and secondly do not you feel that once there is inventory in the system that totally utilized or sold, it could then bring a shock screens on the market and that could really lead the investor or so called speculators back into the markets, short-term inflection point?

Sahil Vachani: Right, I will answer your first question which is the New York Life. Absolutely New York Life is committed partner with us. They have been a partner with us across as you know our life insurance business for 18 years then they exited the life insurance business and now they are partnered with us in the real estate business. So absolutely New York Life is a global institution. We have had a very successful and financially rewarding partnership for both parties and they continue to support us. They have close to $600 billion of AUM of which there is an allocation of a few percent at the global level for real estate. We are the only partners in India from real estate perspective, so we think that absolutely that partnership is bound to grow leaps and bounds. In terms of the second question of an inventory that exists in the NCR market, I think if we were to peel the layer of what is the inventory that is ready and that number is significantly smaller than the inventory that is obviously the total inventory because a lot of it is stuck or not completed or not anticipated to be completed and finally our philosophy is to really provide a superior customer experience and when we focus on consumer experience we believe that there is going to be a pull of customers towards the developments that we do. As a case in point and I like to just take another minute to explain this, in 2020 and in 2021, with the COVID pandemic, work from home became a norm, office leasing fell about 55% to 60% from 2019 to 2020, it recovered marginally in 2020-2021, but Max Estate through its development actually did more leasing in 2020 and 2021 than we actually did in the previous year, so we have seen that when the product is at a good value proposition for a customer it is uplifting the customer experience and customer can trust the brand that is a developer brand, which has been a huge issue in the National Capital Region then there will be a flight to quality or a flight to trust, which we believe Max will be a beneficiary of.

Moderator: Thank you. The next question is from the line of Shreyans Mehta from Equirus Securities. Please go ahead.

Shreyans Mehta: Sorry, I joined little bit late, I am not sure whether this question has been answered or not, Sir just wanted your thought process of moving into the residential segment primary you know do we have some land bank still, it made sense for us to deploy cash and just activate those assets, whereas we have been pretty good in the commercial segment, so just wanted our thought process what is actually the driving force for us to move into the Resi segment?

Sahil Vachani: I will take that. Thank you. As I have discussed earlier I think this was the first question also, so residential is like I said we are focused on NCR, we believe real-estate is the local play within the National Capital Region there is a lot of opportunity, so with the brand that we have with our track record that we have done with our desire to scale the business focused in the National Capital Region and not go to other geographies and with this huge vacuum that exists in the residential space in the national capital region to the city of more than 20 million plus people with not more than two trustworthy developers for development with the recent churn that has happened in the real estate industry we believe there is a significant opportunity for us to be able to scale our brand and our businesses as real estate development more so by being able to provide consumer experiences that are significantly superior to what we have provided to customers in the past, so that is the philosophy we did one phase about four-and-a-half to five years ago in the residential space. We got good traction of it. We have taken earnings from those projects to hopefully scale the residential business in times to come.

Rishi Raj: If I am quickly add to it what Sahil said is just if you look at some of the data points right let me give you a few data points, number one, almost till third of incumbent developers in Delhi NCR which is our playground are either out of business or getting out of business and the most of them are at residential exposure. Number two as to your question on Max not having a land bank and we are looking out to acquire land through outright to joint development, as we are going out and as you would have seen on page 13 more than 10 to 15 opportunities that we are actively involved in, our experience is that this is the right time to go out and acquire the residential land as the residential demand and supply situation is turning around. Number three, if you look at residential demand and supply situation after and if you look at what has happened in 2021, both residential launches and sales are at 2,30,000 unit, pretty close to where it was in 2019 pre-COVID and number four again post-COVID if you just compare the market share of corporate developers, and if I take the example of NCR and if you look at both sales and the launches the share has more than doubled in just a matter of two years, in terms of where consumer demand is gravitating to, so if you look at those tailwinds and then club with what Sahil said in terms of our brand, in terms of experience led development that we are aiming to develop, we think we have a huge opportunity to create value and create experiences for customer.

Shreyans Mehta: Right, I really agree with you know that opportunity there, etc., but is it fair to assume, so my question is you know pertaining to the capital employed side, so if I were to look at it this way, are we believing that the best for the commercial is overall where the returns are almost done and the residential segment return get more return from there, is that understand is right?

Sahil Vachani: I will answer, no, not at all. We believe that commercial is a great place to be, we are continuing to grow a commercial footprint, we are not going to scale down our commercial footprint, we are going to scale our commercial footprint, but with the exit of our packaging business and capital war chest that the company has and the significant market opportunity that exists for Max Estates, as well is a huge opportunity, but particularly given the cycle where we are in the residential real estate space. It also gives us the opportunity to diversify within an asset class within the region, so from an overall risk adjusted basis, we believe this is a very beneficial strategy and to one question that you had asked I would also like to add Mr. Mehta that yes the family office, the sponsor Mr. Analjit Singh owns a very large chunk of land in Delhi NCR, which is under our land pooling policy, which is probably the last available land in Delhi as a geography that gives us a development potential for 6 million square feet, so Max Estates being the listed arm can take advantage of this asset that he owns over the last 10 to 15 years in a relatively asset light way to partner and develop this asset. So there is a huge benefit of scale, opportunity, synergy that exists for us not only with other land banks that we can jointly develop or partner or look at outright opportunities, but also for what the sponsor owns in the family office, so there is a significant upside we believe on a value creation opportunity as a result of this for Max Ventures.

Shreyans Mehta: Got it. Sir, I mean I might be wrong in my thinking, but as an investor the way I look at it you know in terms of commercial the risk is much lower, the returns are better and in terms of project lifecycle as well you know commercial is much lucrative as compared to the Resi segment, so why not you continue to invest and build on that rather than going for less diversified , because what we believe is I look at it is, but moving into Resi would not make you risk, I do not think so it will be a risk diversification, in fact by moving into Resi do not you think we are moving into a risk zone?

Sahil Vachani: Like I said, we will definitely grow the commercial business. We think it is a great business. We have now developed brand credibility and customer traction so definitely we will grow the commercial business, but like I said we do see a huge opportunity in the residential business as well and I had mentioned this earlier we will scale the residential business in a very calibrated manner. It is not going to in a sense put to risk our strong balance sheet in a significant manner and as you will see in the next coming months as we hope to announce of our residential project, it will be calibrated approach in the residential business to which we believe and the combination of both commercial and residential focused in NCR will help significantly scale the return metrics and all parameters financially for the company.

Shreyans Mehta: Got it Sir, one last question for my side, strategically say 3 or 5 years down the line, how do you see the mix in terms of Resi and commercial, so commercial would be 70 and Resi would be 30?

Sahil Vachani: We have already stated our objectives that we would like to do a million square feet of commercial and a million square feet of residential every year, that was the stated objective and we hope to be able to achieve that in a few years from now.

Shreyans Mehta: Thank you very much and all the best. That is from my side.

Moderator: Thank you. The next question is from the line of P Sachdev from Albatross Capital. Please go ahead.

P Sachdev: Good afternoon to the Max team. Just a couple of questions, how is the capital deployment taking place in increase of the packaging business and secondly what is the IIR for this upcoming project. Thanks.

Sahil Vachani: Rishi, can you take that, please?

Rishi Raj: As far as capital deployment is concerned as Sahil said, our situation is to add a million square feet in commercial and residential. The mix actually will also be a function of the acquisition model for respective asset classes, the outright versus joint development, so it will be customized on a case to case acquisition basis, but we are looking to deploy this for both opportunities in commercial and residential. Number two in terms of IIR, as we have stated earlier as well when we evaluate these opportunities we evaluate these opportunities and look for high teen equity IIR on the basis conservative on the writing.

P Sachdev: Sir, my first question was more on equity contribution. This 500 Crores odd post tax that we received from the proceeds, how is it going to be deployed, is it going to be deployed over a couple of years because LRD becomes very attractive proposition for you as having such an attractive commercial portfolio?

Rishi Raj: Yes, it will be deployed over a few years, as we bring in more opportunities in residential and commercial, so it will get deployed, you are right. What also get added to our war chest is not just the proceeds from the divestiture, but also the huge upside we have with respect to the LRD opportunity from Max Towers and Max House and in future from Max Square.

P Sachdev: So, just 500 Crores odd equity over a couple of years is a reasonable assumption?

Rishi Raj: 500 Crores of equity over couple of years is the reasonable assumption, right.

P Sachdev: Thank you.

Moderator: Thank you. The next question is from the line of Sumeet Kumar an Individual Investor. Please go ahead.

Sumeet Kumar: Thanks for the opportunity. I had two questions. The first is what will be the total the development cost for Max House phase 2 and Max Square and how much has already been spent till date?

Nitin Kansal: The total development cost of Max House Phase 2 would be in the range of 90 Crores and of that we have spent close to 50 Crores out of that, so there is remaining capital that needs to be deployed. In terms of Max Square, the total development outside the land is approximately around 285 Crores from which we have spent close to 110 Crores to 120 Crores.

Sumeet Kumar: Sir, my second question is what would be the annual revenue potential combining Max Towers, Max House Phase 1 and 2 and Max Square project?

Nitin Kansal: In terms of Max Towers, the total revenue potential as stated earlier would be in the range of 35 Crores to 40 Crores is lease revenues plus CAM income and in terms of Max House Phase 1 the revenue potential would be in the range of 15 Crores to 18 Crores and Max House Phase 2 space is 50% larger as compared to phase 1, we expect the revenue for that in the range from 22 to 26, 27 Crores going forward?

Sumeet Kumar: Sorry, 22 to?

Sahil Vachani: 27 Crores, 28 Crores.

Sumeet Kumar: Understood. Thank you so much. That is it from my side.

Moderator: Thank you. The next question is from the line of Viraj Shah from MM Securities. Please go ahead.

Viraj Shah: I just have a coupe of questions, apart from commercial and residential do you plan to develop retail businesses in future?

Rishi Raj: Viraj, our focus right now is on commercial and residential. Of course, as a part of commercial and residential development, as Sahil mentioned earlier there will be a retail ancillary component to curate the entire WorkWell experience and LiveWell experience in commercial and residential opportunities.

Viraj Shah: With respect to Max Asset Services could you just give us insights on how you plan to scale out WorkWell Suites?

Rohit Rajput: As of now WorkWell Suites we have got a very encouraging response with the 95% , we will continue to evaluate opportunities for growth both in our projects, the upcoming one, which is previously mentioned and we will very selectively exploring the feasibility of is it outside our buildings.

Viraj Shah: Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Sahil Vachani for closing comments.

Sahil Vachani: I just wanted to thank everybody for your participation. I hope you continue to stay safe and stay well. Hope to connect with you in the next call, next quarter. Thank you.

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