May 30, 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 Q4 & FY22 HELD ON MAY 25, 2022

Dear Sir/Madam,

Please find enclosed the transcript of Earnings Conference Call conducted by the Company for Q4 & FY22 on Wednesday, May 25, 2022.

This is for your information and records.

Thanking you,

Yours faithfully

For **Max Ventures and Industries Limited**

Ankit

Ankit Jain
Company Secretary & Compliances Officer

Encl: As above

"Max Ventures and Industries Limited
Q4 FY22 Earnings Conference Call"

May 25, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 25th May 2022 will prevail.

MANAGEMENT: **MR. SAHIL VACHANI - MANAGING DIRECTOR AND CEO, MAX VENTURES AND INDUSTRIES LIMITED**
MR. NITIN KANSAL - CFO, MAX VENTURES AND INDUSTRIES LIMITED
MR. RISHI RAJ - COO, MAX VENTURES AND INDUSTRIES LIMITED
MR. ROHIT RAJPUT - CEO MAX ASSET SERVICES,

Moderator: Ladies and gentlemen, good day, and welcome to the Max Ventures and Industries, Q4 and FY'22 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 operator assistance during the conference call, please signal an operator by passing '*' then '0' on your touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sahil Vachani Managing Director and CEO, Max Ventures and Industries. Thank you and over to you, sir.

Sahil Vachani: Thank you so much, and good evening, ladies and gentlemen. Thank you for joining us on the Max Ventures and Industries' Q4 FY'22 earnings conference call. I hope you and everyone around you is safe and in good health. Joining me today we have our CFO, Mr. Nitin Kansal, Rishi Raj who's our Chief Operating Officer, Rohit Rajput who's the CEO of Max Asset Services.

We also have SGA our investor relation advisors on the call. Presentation and press release has been issued to the stock exchanges and uploaded on the company's website. I hope everybody has had the opportunity to go through this.
To begin with I'm very pleased to share that our lease rental income in FY'22, more than doubled to INR 373 million in FY'22. The total lease area at Max Estates increased 35% year-on-year to 400,000 square feet in FY'22.

Just to give you an overview of how the events unfolded for the company during the year gone by. Financial year 22 was a transformational year for the company in which the company narrowed down its focus from multiple businesses including specialty films to a pure play focused real estate business.

This was accomplished by divesting our 51% stake in the packaging films business for INR 6.38 billion to the Toppan Group. The company has received the first tranche of payment of INR 4.94 billion during Q4 FY'22 and the balance INR 1.34 billion is expected to be received before June 23.

We had always indicated that real estate would be the company's long term focus area, and we are glad that the company's entire focus, energy, bandwidth and capital will now be dedicated to growing and scaling the real estate business. We expect to utilize the proceeds from the divestment of the packaging business to fund new projects, which we have in pipeline and achieve scale in the real estate business.

During Q4 FY'22, the board of directors also approved the composite scheme of amalgamation wherein Max Ventures and Industries Limited will merge with Max Estates Limited the wholly owned subsidy of Max Ventures and Industries Limited. Post the completion of the merger shareholders of Max Ventures will receive one equity share of Max Estates for one equity share of Max Ventures and Industries Limited. And Max Estates will be listed on the Indian stock exchanges. The transaction is expected to be completed in six to nine months, subject to necessary approvals.

Max Estates Limited, as the name will also resonate better with the business, vision, strategy, focus and operations of the company. Within the real estate business FY'22 started with us having the commercial real estate business, and during the year we announced our intention to foray into the residential business as well.

The leasing in the commercial real estate business was impacted during the start of the financial year on account of the deadlier second wave of COVID-19. However, as the year progressed, and the intensity of the pandemic reduced the industry witnessed strong traction and leasing. At Max Estates during FY'22, we achieved 98% occupancy at Max Towers. Leasing at Max House Phase 1 was initially impacted due to the second wave.

However, as the intensity of the wave reduced, we were able to lease out Max House fully within a quarter. Both these projects have been leased at a significant rental premium to the micro market signifying the excellent quality of product we have delivered, and our organizations ability to seamlessly navigate the challenges and emerge stronger.

Just to give you a brief outlook of the business, first and foremost, it has taken us a little bit longer than anticipated to close new opportunities, particularly in the office space segment that we had set out to do in FY'22. While we have evaluated and concluded commercials for several opportunities, we had dropped a few of these including unreasonable demands, legal issues with the land that we were looking to acquire.

We believe that it is important and better for us to wait it out and have a little bit of patience rather than taking decisions in haste and not acquiring the right or the legally appropriate land parcels. We have a very robust deal funnel working with a wide spectrum of associates. With real estate being the single focus of the company we are very confident of FY'23 becoming an inflection year for our company in the real estate business with sizable deal closures, both in residential and the commercial segments.

In addition, we will also look to develop these projects in partnerships with domestic or institutional or international institutional investors. Having demonstrated success with our initial commercial developments, Max Towers and Max House, both commanding significant premium to the micromarket rentals, and also our first residential development in Dehradun 222 Rajpur, which has also commanded a significant premium to the micromarket sale prices. We are very confident to recreate and recreate the same in our residential real estate journey as well, and create substantial values for our customers and all stakeholders. With this I will now hand over to Rishi for the detailed business updates. Thank you.

Rishi Raj: Thank you. Sahil for the strategic overview. Let me now give you the real estate business updates. As Sahil mentioned, the commercial real estate business started on a weaker note in a FY'22 on account of second wave of COVID-19. As the second wave receded, the leasing market witnessed strong traction with large scale leases signed across the country.

As the market was recovering strongly, the country was again hit by the third wave of COVID. Thankfully the third wave didn't prove to be a deadlier one and lasted for a short period of time. Pan India, as per JNL report, Q4 FY'22 witnessed 11.6 million square feet of net absorption, 113% increase on year-on-year basis. Post the third wave, the leasing momentum in the industry has picked up strongly with offices reopening across the industries, including IT space. Most of corporates have now accepted that work from home only model is not a sustainable way of doing business.

In our discussions many are in fact, back to the drawing board planning to expand their office space with strong hiring witnessed across the industries. FY'23 has started with a very strong momentum in deal inquiries, and is expected to witness 10% to 15% growth in absorption span India.

Now coming to Q4 and FY'22 updates. Let's start with Max Towers. Total lease area owned by Max Estate in Max Towers stand at 2.95 lakh square feet which translates to 98% occupancy. We are in advanced stages of executing lease deals for remaining 2% of the space at Max Towers. Lease rental income from Max Towers increased by 12% year- on-year to INR 79 million in Q4 FY'22, while it increased by 76% year-on-year to INR 302 million in FY'22 full year. On a full year basis next year, we expect total lease rental income from Max Towers to be at INR 350 million to INR 400 million.

Moving onto Max House Phase 1, as Sahil mentioned, it is now 100% percent occupied with leasable area of 1.05 lakh square feet. Lease rental income from Max House stood at INR 36 million in Q4 FY'22 while for the full year, it stood at INR 71 million. As some units are still in the fit out period the 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 million to INR 160 million.

So weighted average rental continues to be at significant premium to respective micro markets of both the office assets. INR 105 per square feet per month for Max Tower and INR 125 per square feet per month for Max House. Work on Max Square and Max House Phase 2 both remains on track and expected to be delivered by Q4 FY'23 and Q2 FY'24 respectively. And we have already started receiving strong traction of inquiries 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. With very robust deal pipeline and several large leads discussions in progress we are very confident of conversions in FY'23 for Max Square.

Now coming to the key initiatives or KPIs we plan to undertake in FY'23 for Max Estate Limited. Number one, obtain occupancy certificate for Max Square and subsequently for Max House Phase 2, continue to build robust pipeline for leasing at Max Square, close at least two growth opportunities one each in commercial and residential, conclude the merger of Maxwell with Max Estate, build residential capability, including people, processes, and technology, and get ready for launch in our residential space, drive digital intervention to enhance customer experience, to rate ecosystem of retain and F and B portfolio, and continue to invest in upgrading external infrastructure and community development, which are key drivers for us to command premium in the office space. And last but not the least develop ESG capabilities across the organization.

On new opportunities, we have not only continued to build on robust deal pipeline but also progressed several deals in last one quarter from diligence to documentation stage. As of today, there are four deals, both in residential and commercial combined, which are in advanced stages of documentation. While several at the term sheet stage with commercial negotiations closed. With this, we are very confident of achieving above stated KPIs for FY'23.

Just to share an update on Delhi 1 project there has been positive developments with several objections to the plan withdrawn and Noida being adjudicated as an operational creditor by the Supreme Court. This we are very hopeful will expedite the plan hearing process in NCLT in coming weeks and months. As we work out the finer details, we shall be more than happy to share the business updates with you all subsequently. Now let me hand over to Rohit.

Rohit Rajput: Thank you, Rishi. Let me give brief highlights about Max Asset Services. Our managed office offering WorkWell Suites in Max House, Okhla, which offers flexible office space to occupiers, who don't prefer to have a long term lease commitment saves a huge upfront cost for the companies and saves them from the hassle of maintaining the office space. We've created a 200 plus seats managed office space at Max House, Okhla, which is a 100% signed up now. We're extremely encouraged with the response and we are looking forward to launching WorkWell Suites at our upcoming projects, as well, including Max Square.

As a part of our WorkWell philosophy, we continue to differentiate our client experience by adding more amenities like a fitness center, salon and early learning center, shuttle services, badminton court, etc., we continue to curate various F&B options to create a unique ecosystem for our clients to work well.

We also continuously interact with our tenants to incorporate their interests and feedback, to improve their experience. Our vertical pulse organizers events, sessions around wellness, sports, while adhering to COVID protocols in the last quarter based on various themes, such as theater, health, wellbeing, and F&B. We're going to aim to uplift our assets with the best-in-class facilities and becoming more operationally efficient.

We're deploying various digital tools across all verticals, such as parking management, lift management, amenities booking, visitor management and air quality monitoring. I'm happy to report the revenue from Max Asset Services more than tripled in Q4 FY'22 to INR 103 million while for full year, it increased by 87% year-on-year to INR 239 million.

We expect the business of MAS to witness strong growth in FY'23, as a high percentage level and are expected to avail more of our services. Let me hand over to Mr. Nitin Kansal our CFO.

Nitin Kansal: Thank you Rohit. Good afternoon, everyone. Before starting with the numbers the important point to note is that until the last quarter our financials also included the numbers from the packaging films business. As we exited our packaging film business quarter 4 FY'22 numbers are not comparable to the previously published numbers. Our Q4 FY'22 results now only include the real estate business.

Max Estates and our managed office business Max Asset Services. The previous period numbers have also been adjusted accordingly for a like-to-like comparison. Now, let me give you the financial highlights for the quarter 4 and the full financial year FY'22. The consolidated revenues for quarter 4 FY'22 increased by 76% year-on-year to INR 289 million consolidated revenues for FY'22 increased by 51% year-on-year to INR 1 billion.

Let me give you a breakup of this revenue for FY'22. The lease rental income from the Max Towers stood at INR 300 million. Lease rental income from Max House stood at INR 71 million. We were able to sell five villas in 222 Rajpur, which contributed to a revenue of INR 286 million. Incomes from the Max Asset Services stood at INR 239 million, other related ancillary income stood at INR 112 million.

The consolidated EBITDA for quarter 4 FY'22 stood at INR 45 million as compared to an EBITDA loss of INR 67 million in quarter 4 FY'21. Consolidated EBITDA of FY'22 stood at INR 257 million, as compared to an EBITDA loss of INR 21 million in FY'21. The consolidated profit before tax for Q4 FY'22, stood at INR 22 million compared to a loss of INR 119 million in quarter 4 FY'21. Consolidated profit before tax, before exceptional items for FY'22 stood at INR 41 million, as compared to a loss of INR 252 million in FY'21.

Speaking about our liquidity position, the gross debt for Max Ventures Industries for continuing operations stood at INR 2.9 billion as of March 22. The cash and cash equivalents post receiving the proceeds on the sale of packaging and films business stood at INR 4.7 billion, hence on a gross basis, we or on a net basis we are a net cash company.

With strong cash balance and focused real estate growth aspirations companies is now in a much stronger position to execute new growth opportunities. I would now like to open the floor for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Pankaj Jain with Mahavir investments. Please go ahead.

Pankaj Jain: Hi sir. Thank you for the opportunity. Sir, I have two questions. Firstly, what can be the rental, yearly rental potential from Max Towers and Max House Phase 1?

Nitin Kansal : The rental expectation as was mentioned in the opening speech for FY'23, we're expecting rentals in the range of INR 350 million to INR 400 million from Max Towers and a rental income of close to INR 150 million to around INR 160 million coming from Max House Phase 1.

Pankaj Jain: Okay. And sir, what about Max House Phase 2 and Max Square?

Nitin Kansal : So, Mr. Jain, the, the Phase 1 of Max House is done. The Phase 2 of Max House is expected to be completed by quarter 3 of FY'24 and post which we can have realization of rental income. Max Square is expected to be completed by quarter 4 FY'23, and we expect the to lease rentals to flow in from FY'24.

Moderator: So, our next question is from the line of large Raj Joshi with Ace Securities. Please go ahead.

Raj Joshi: Hello. Sir, thank you for the opportunity. Sir, is there any kind of problems we are facing to sign a new development opportunity?

Rishi Raj: Okay. So as Sahil mentioned in his opening remarks, there were certain challenges while we had closed a few opportunities, particularly in commercial office space from a commercial standpoint there were certain issues that we faced as a part of the diligence with respect to title and other issues of the land or selling company we had to drop. Having said that, as we have also shared with you in the Investor Presentation on page 13, we have a very robust pipeline and the best way to judge the progresses compared to last time with this time we have progressed several deals other than what we had to drop from diligence through documentation. And there are four opportunities between Gurgaon and Noida, which is in advanced stages of documentation which we are very confident to close in coming months.

In addition to that, we continue to build a very robust pipeline and there are several opportunities where we have closed commercials and signed term sheets, which, which gives us extreme confidence about conversions in incoming months. And then finally, what I would say is, is just repeat what Sahil has said from a prudent and just to make sure we judiciously use capital, we do not want to take haste decisions and regret later, so we are being cautious with what opportunities we find, but with the pipeline that we have we are very confident of losing it in coming months.

Raj Joshi: Okay. Sir, I have two more questions on the residential segment. So, what size of projects you plan to develop in, and the size and the, what kind of potential revenue you are expecting?

Rishi Raj: So, in terms of residential, let me answer that in three parts. Part 1, where we are exploring opportunities in Delhi NCR in priority in Gurgaon and Noida. And the four opportunities in the documentation stage that I've talked about include them. Number 2, what kind of residential opportunities and the price segment we are looking at group housing as well as you could say, low rise, low to mid rise developments. And from a price segment standpoint this, we are looking at anything between INR 10,000 to INR 15,000 per square feet, which can put us into a premium bracket of INR 1 crore to INR 1.5 crore as a starting ticket size, going up to INR 3.5 crore to INR 5 crore ticket segment.

Raj Joshi: Okay. And then sir, what kind of EBITDA we can expect from the same? EBITDA margin.

Rishi Raj: That we will, we will hold our comment on that. It would be a bit premature for us to give projections on top line and bottom line at this stage. At the right point in time we will come back and update you on the residential numbers.

Moderator: Thank you. Our next question is from the line of Jigar Shroff with Financial Research. Please go ahead.

Jigar Shroff: I had three questions. One is Sahil mentioned in the beginning regarding that restructuring in terms of merger by which because of the shareholders of Max Ventures would get one share of the new company for every share of Max Ventures held. So, if you could elaborate a bit on it.

My second question is regarding what is the next debt? I mean, you did mention but I just missed on how on the balance sheet of the company. And the third question is I think in earlier call, you had alluded that FY'20 you would look at the peak lease revenue approximately INR 150 crore. Am I right? That's it. Thank you.

Nitin Kansal: Thank you, Mr. Shroff this is Nitin Kansal. I'll go one by one. Yes. The prospect of the board of Max Ventures and Industries has approved the composite scheme of amalgamation whereby Max Ventures Industries will get merged into Max Estates and the listed entities would be called as Max Estates. So in the process, the shareholders of Max Ventures will get equal number of shares in Max Estates for every one share held in Max Venture the shareholders will get one share of Max Estate.

This would be all for the promoters and the public shareholders both. It'll be a mirror de merger between MVIL and MEL. Since MVIL is a listed entity, it requires statutory approval from SEBI and ROC and we expect this process to be completed in the span of 6 to 9 months.

Jigar Shroff: So, the activity one Max Estate should be the real estate arm. What would be the activity in the other company?

Nitin Kansal: , The listed entity would be called Max Estates and all the assets under Max Estates would be under an SPV of Max Estates. The entity Max Venture and Industries will cease to exist. It will get merged into Max Estates Limited.

Jigar Shroff: But what will be listed separately? Is it?

Nitin Kansal: No, no. What will happen is Max Ventures and Industries will get merged into Max Estates, and the Max Estates will get listed. The listed entity would be called Max Estates and the Max Ventures and Industries will cease to exist.

Jigar Shroff: Okay. Okay. So, there'll be only one listed entity.

Nitin Kansal: Only one.

Jigar Shroff: Procedural I think for easier compliance, I guess.

Nitin Kansal: Easier compliance, and it also helps us for a better focus, better resonating with the market participants about our business. And from a capital efficiency when we'd want to move capital from one SPV to the holding company we are avoiding multiple layers of corporate structure in between.

Jigar Shroff: Understand I was under an impression Max Asset Services is to be transferred to the other company.

Nitin Kansal: No, no. Max Asset Services will become a subsidiary of Max Estates Limited.

Jigar Shroff: Okay.

Nitin Kansal: So, the next question you had asked about the debt listing. As of 31st, March, 2022, then net debt on the books of Max Venture and Industries is INR 2.9 billion. This is made up of three components. It is made up of, LRD at Max Towers and Max House and the project debt at Max Square. Currently we are holding, having a cash balance of INR4.7 billion with us.

So, on a net basis, we would be, we have a net cash surplus, and the company would have around INR 1.8 billion of net cash surplus available with us.

Jigar Shroff: So now net debt would be negative INR 180 crore. That is?

Nitin Kansal: Yes, we don't have a debt. We have surplus cash.

Jigar Shroff: Negative. Yes.

Nitin Kansal: Of INR 180 crore.. We in the past have not expressed an explicit number on the revenues. So, the revenue currently, what we're pursuing in the FY'23 we are expecting to get revenue from lease rentals of Max towers, Max House, Phase 1 and, and the, the facility management Service Asset Management revenues coming from Max Asset Services in FY'23.

And going forward in FY'24 expect forward. We expect the ease rentals on top of this to come from Max Square and Phase 2 of Max House.

Jigar Shroff: If I'm not mistaken in one of the earlier calls you had alluded once Max Square is completed and Max House, Okhla Phase 2 is completed FY'25 and all the properties are leased, the peak revenue would be in the range of INR 150 crosses, I'm under that impression. I think you did mention in one of the earlier calls.

Nitin Kansal: So once the, all the assets which we have currently in the pipeline, once they lease, we would be moving to a revenue number higher. I would not like to give a specific number would be much closer to the number which you're mentioning.

Moderator: Next question is from the line of Akash Mittal an Investor. Please go ahead, sir.

Akash Mittal: Sir, I have been like looking at the presentations for the last five quarters right in front of me. And I'm somehow surprised by the lack of execution on your growth pipeline. You have been doing a lot of business case assessment, negotiations, due diligence, but I don't think anything has materialized. Am I correct in interpreting this?

Rishi Raj: In terms of closure of our growth opportunities that is still in pipe. So, you were right over the last five quarters we have had robust pipeline. The deals have progressed. As we said candidly we targeted to close one commercial opportunity, at least in a FY'22, but that we have not yet close. And again, in the opening remarks Sahil mentioned one of the challenges has been with respect to acquiring land which is legally kosher in Delhi NCR, so that has been one of the challenge. And we had to drop a couple of them because of those issues, having closed commercials as a part of the diligence.

So that is the case. Having said that as I mention and I'll just repeat very briefly. If you look at the pipeline, they started sharing from the last two quarters. What we report there are our active deal in different stages. And what gives us lot of confidence is in last one quarter, we have moved from diligence to documentation on four deals between residential, commercial, Noida, and Gurgaon. And those are in advanced stages of documentation and very hopeful that we will be able to deliver on our FY'23 KPI of at last few growth opportunities. So, that's one part of your response.

I think second Delhi 1 has been in the pipeline for quite some time, got delayed because of COVID and delayed hearing in the court. But again, there is a very good progress in terms of many objections getting out of our way, including the recent judgment by Supreme court to adjudicate Noida as operational creditor and not financial creditor. With that, we are very hopeful that the plan hearing will get expedited and we will see positive movement on that front as well.

That in itself gives us INR 2.5 million to INR 3 million opportunity of development. So, that's where we stand. And, and, and finally we just want to be a little bit more prudent and judicious with capital utilization versus investing in a deal, which we may end up regretting and destroying value for stakeholders.

Akash Mittal: Yes. Sir that's absolutely great to think on the lines of capital preservation. But see, my concern lies like the down cycle for real estate has already passed. Like we were at the bottom, like two years back one year back. At this point, the juiciest of the deals have gone away.

What you would be chasing most likely are the deals, which would be coming at a premium to you.

Rishi Raj: Right.

Akash Mittal: And that is where my concern around the ROC starts developing. That if you start into deals right now where the prices have already started moving up, what sort of ROC do you commit coming out of these executions?

Rishi Raj: I think excellent question. In terms of, in terms of we missing out on opportunity, I'll rephrase that a bit. I think we have lot of dealing pipeline where commercial and term sheet has been closed our endeavor. Whether it is commercial or residential as we have stated very transparently is to deliver on an IRR, which is in high-teens, and we continue to hold that bar for ourselves, and we are very confident on delivering on those numbers basis, what we have already in pipeline and what is where the discussions and negotiations are on from a documentation standpoint. So, so in several cases, the commercials have already been locked in.

Akash Mittal: Okay. And do we, like last quarter also mentioned, we expect to complete, at least one growth opportunity in one quarter, this time I'm seeing we have committed two growth opportunities. So, do we see something different in the next quarter?

Rishi Raj: We are very hopeful.

Akash Mittal: Sir. I am hopeful as well for the last five quarters. That's where I am getting concerned now.

Rishi Raj: Yes, we are very confident on delivering number.

Moderator: Thank you. Next question is from the line of Shubhankar Ojha with SKS Capital. Please go ahead.

Shubhankar Ojha: Hey, hi. Thanks for this opportunity. So, two of them. One, so basically on the merger part, so will Max Venture be delisted and be listed after six to nine months getting all the approvals that's one. And secondly, what is our equity commitments for the upcoming two projects? How much of that has already been invested?

Nitin Kansal: Good evening, sir. This is Nitin Kansal. In terms of Max Ventures will not be delisted now. They would be and once we get all the regulatory approvals post six months, post six to nine months at that point of time, Max Ventures will get delisted. And then after then max estates will get listed after the span. They would be a period of two to four weeks when the share would not be listed.

Shubhankar Ojha: All right.

Nitin Kansal: Okay. Answered in terms of capital commitment for the two projects, which are ongoing for both the two max square and max house phase two, for both the projects, the equity commitment has already been done on the terms of equity. And the debt has also been arranged to achieve the financial closure. So, for both the projects, equity and debt, both the closures have been done.

Moderator: Thank you. Our next question is from the line of Parth Vasani with KK Advisory. Please go ahead.

Parth Vasani: Yes. Thank you for the opportunity. I have couple of questions. First one would be, do you plan to raise any funds for the real estate business?

Nitin Kansal: . Currently we are sitting at cash of INR 4.7 billion on our books, and we have another potential to raise close to INR 2 billion to INR 2.5 billion of rupees through LRD. So are not expecting to raise an equity at this point of time. Post deployment of this capital, we will explore ways.

Parth Vasani: Okay. So what can be the commercial portfolio size and the rental revenue for the company say after five years?

Nitin Kansal: So, we have been, we have stated that we are looking to do a million square foot of residential and a million square commercial every year. So currently we have a portfolio which is close to 1.2 million square feet. And going forward we expect this portfolio to add another 5 million square foot of commercial in next five years.

Parth Vasani: Okay. So, the last and quick one. What can be the IRR return expected for real estate business?

Nitin Kansal: For the?

Parth Vasani: Real Estate. Sorry, residential business, residential.

Nitin Kansal: So residential business is what we're looking at a number, which would be closer to high-teens for the residential business.

Moderator: Thank you. Our next question is from the line of Priyanka Shah with NM Securities. Please go ahead.

Priyanka Shah: Thank for the opportunity. I have few questions. Sir, do you plan to venture into retail segment as well in the future?

Rishi Raj: Hi, Priyanka, this is Rishi. Again, an excellent question. Our strategy, the stated strategy is, is one region, multiple asset class. As a part of that strategy, we are focusing on residential and commercial. And as a part of residential and commercial led development retail will come in as a support to residential and commercial.

In addition to that on a select basis we also will be exploring what we call multiuse or integrated development like we have in in Delhi 1 in pipeline. So, if you look at Delhi 1 as a part of integrated development, we have got there 3.5 lakh square feet of retail. So as a part of integrated development we will have retail component on select basis, but largely it is commercial residential with support retail.

Priyanka Shah: What is the current debt for Max Towers and Max House? And what is the average cost of that?

Nitin Kansal : So, the debt for Max Towers, which is the least entry discounting is around INR 80 CR, INR 80 crore. And for Max House Phase 1, the debt is around, which is an LRD is around INR 40 crore. And the average borrowing cost is early 7%.

Priyanka Shah: Okay. And can you give any update on our investment in the restaurant chain? Any plan to exit in FY'23?

Rishi Raj: Rohit, would you like to answer that?

Rohit Rajput: Yes. Priyanka the investment in terms of your continues right now, what we've seen in the last few quarters is a strong rebound revenue. We've seen linear operational costs, and at the right time, we will look to monetize this investment. Can't commit on our timeframe right now.

Moderator: Thank you. Our next question is from the line of Chaitanya Deepak Shah with Silver Light Capital. Please go ahead.

Chaitanya Shah: Yes. So, my first question is regarding I was reading the presentation in one of the pages. You've written that most of the supply and commercial real estate in the NCR region is for strata sale. And I mean, I just want to understand given, what part of the real estate cycle we are in. It looks like, we might have bottomed out a couple of years ago, and we are in sort of an upcycle of why are people or corporates not going for outright purchases? And why do they prefer leasing?

Because I think you still make 7%, 8% on real terms if you buy the asset, right. So, I just wanted your thoughts on that.

Rohit Rajput: Yes. So, again I think interesting question in our discussions, we are in discussions with all large corporate occupiers. There are a few who would like to invest and earn the yield, as you rightly said, 7% to 8% for a large portfolio of clients.

Let's take an example of it, ITES, which accounts for 40% to 45% of leasing that happens Pan India. And it's very straightforward for them. They are not in the business of investing in real estate and earning a return on real estate, they are in business of providing IT and ITES services. And that's the single most, and the most important reason for them to leave real estate management, which is a very cyclical business to the experts like us and others Pan India to manage real estate investment and focus on the business they are in. That's the single most reason.

Chaitanya Shah: Right. So you think this trend is here to stay irrespective of the kind of yields that that have offered.

Rohit Rajput: Absolutely. When, when you talk about leasing Pan India in top seven cities and grade A occupiers that trend is here to stay.

Chaitanya Shah: Right. All right. I also want to understand more on the revenue number of Max Asset Services that was achieved this quarter. I think it was around INR 10 crore. So broadly, if you can let me know what. I mean, how, what is the exact business of Max Asset Services? And what should you expect from this particular line of business in the future?

Rohit Rajput: Hi so I'll comment with the comments to your question. First let me talk about the line of business and what you can sort of expect. And second, I will request Nitin to comment on this specific numbers portion. I think for Max Asset Services the multiple lines of business that we're running, the main one is property management, where we run the operations of the building and create client experiences that we hope will bow them and drive a greater stickiness, a greater loyalty to our product in our offering.

That constitutes right now the biggest portion of our revenue. The second part of the revenue comes from various allied services. They could be tenants wanting us to do fit outs for them. They could be tenants wanting us to do project management for them, for their interiors. They could be tenants wanting us to do managed offices, some ancillary services, because they're on an ecosystem that's the second part of the revenue.

I think, in the years to come, while we have these core lines of business around property management and various services that clients demand, we will continue to grow along with our clients where as they come into our portfolio various services and various offerings that they need, if it makes a business sense for us to deliver it to them we will deliver it to them. I've opened, I hope I've answered the first part of your question. I will request Nitin to come in for part two of your question to talk about understanding the numbers a little deeper.

Nitin Kansal: Yes. So, thanks Rohit. So, the revenues which we have at Max Services INR 239 million as comprises of it's primary two limits. One is the facility management income, which comes from Max Towers and facility management from Max House. The second part of the income would be the managed office space, the WorkWell Suites, which we are operating out of Max House. And as Rohit also mentioned, we are the managed, when we are doing fit-outs for the clients, then the service charges for that is also part of the Max Asset Services.

Chaitanya Shah: Right. Understood. And in the presentation, you've also mentioned that you are looking at WorkWell Suites outside the Max Properties, as well. So, if you can elaborate. I mean, what are your thoughts there? And generally also what is your, I mean, what is your vision for WorkWell Suites? Are we just going to concentrate them in Max Properties or how do we sort of integrate them in other commercial properties, like, you entered in the presentation?

Rohit Rajput: Hi. So, Rohit here, let me address that. I think right now, because we're in the early stages in the business we want to focus primarily on our properties because we feel both as a developer and as an operator managed office, it's a great synergy. It gives our tenants a flexibility of options when they come into our properties to grow from taking a few seats all the way to actually grow into a much larger size in our portfolio. And from time to time, plan will have teams that will be hiring at a short purpose.

So, it's a great add-on in our amenity within the building. Second, because we are within our buildings, we can control the ecosystem and the experience to a far greater degree than we would in a third-party asset and hence the differentiation we can create in the mind and the eyes and the experience of the customers far greater. So, definitely as an amenity, it's going to be a part of all our projects on a case to case basis, so we may take some different calls.

Going outside of properties we want to be very careful when we underwrite it. Try and do teams where the asset is top notch and where the client is top notch. And there is very little speculated risk on the table and we will evaluate.

Chaitanya Shah: Okay. All right. And I just have one last question. You've given a few highlights about the hybrid work on how corporates are thinking about it. Isn't this going to reduce the number of people coming to and the space required? I mean how are you thinking about? Because it looks clear from your presentation says that the number of people coming to office that would be far later.

Rohit Rajput: Yes. So, again I would just want to qualify my response with the fact that it is an opinion at this stage. What we are seeing is that at least in our numbers and the larger trend in the market is people are taking flight to quality. It's not necessarily shrinking down their office footprint. They want to maybe relocate to better buildings. They want to allocate in many cases, we've seen greater square footage per person. So, so far, in our opinion even if companies want to take measures to shrink their footprint it augers well for category A plus developers like us, which are managing the own buildings, as well as it is auguring well for us because they're budgeting for a greater footprint and square feet per person.

Moderator: Thank you. As there a no further questions, I would now like to hand the conference over to the management for closing comments.

Rishi Raj: Yes. Thank you everyone for your time, interest and patience to understand our business better. I hope, we have been able to answer most of your queries. We truly look forward to your participation in the next quarter. If you have any further queries, please feel free to contact SGA our investor relation advisors. Wish you very best and very good health. See you soon. Bye.

Moderator: Thank you on behalf of Max Ventures and Industries Limited that concludes this conference. Thank you for joining us. And you may now disconnect.