February 18, 2024

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Scrip Code: 544008

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

SYMBOL: MAXESTATES

Sub: Transcript of the Earnings Conference Call

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call conducted on February 12, 2024 at 12:00 noon (IST) to discuss Q3 & 9M FY'24 financial results performance of the Company.

This is for your information and records.

Thanking you,

Yours faithfully,

For Max Estates Limited

Abhishek Mishra
Digitally signed by Abhishek Mishra
Date: 2024.02.18 22:48:54 +05'30'

Abhishek Mishra
Company Secretary & Compliance Officer

Encl: a/a

"Max Estates Limited

Q3 & 9M FY'24 Earnings Conference Call"

February 12, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12th February, 2024 will prevail

MANAGEMENT: **MR. SAHIL VACHANI – VICE CHAIRMAN AND MANAGING DIRECTOR– MAX ESTATES LIMITED**
MR. RISHI RAJ – CHIEF OPERATING OFFICER – MAX ESTATES LIMITED
MR. NITIN KANSAL – CHIEF FINANCIAL OFFICER - MAX ESTATES LIMITED
SGA, INVESTOR RELATION ADVISOR - MAX ESTATES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Max Estates Limited Q3 and 9 Months FY24 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 call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. This conference may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company. As on date of this call, these statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

And a disclaimer to this effect has been included in the financial results and investor presentation, which has been shared with you earlier and available on the Stock Exchange website. I now hand the conference over to Mr. Sahil Vachani from Max Estates Limited. Thank you and over to you, sir.

Sahil Vachani: Thank you and good afternoon to all. Thank you for joining us on this Max Estates Q3 and 9 Months FY24 Earnings Conference Call. Along with me today, we have Rishi Raj, who is our Chief Operating Officer and Nitin Kansal, who is our CFO.

We also have SGA, our Investor Relations Advisors on the call. The presentation and press release have 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.

To begin with, I'd like to highlight a few broader trends from our perspective. Despite global uncertainties, the Indian economy continues to be resilient and on an upward trajectory post-COVID. As India progresses from a $3 trillion to a $7 trillion market over the next decade, over 400 million people will reside in urban centers and amongst home ownership capable population, the upper mid and high income segment will grow from 26% to 45%.

Rising income, favorable affordability and rapid urbanization will continue to fuel housing demand in the urban and metropolitan centers. Changing consumer preferences with a focus on quality and overall experiences backed by an ecosystem of amenities, services and generous spaces, particularly amongst millennials between the age bracket of 25 to 40 years, is giving a strong flip to end user demand for premium housing launches by organized and corporate developers. Contrary to developed economies, return to office is in full swing in India across sectors.

From fully remote to hybrid and now office led hybrid is fast becoming the norm. This coupled with a flight to quality with a focus on employee experience has further accelerated the K-shape recovery for commercial office segment in India, which is a favorable trend for institutionalized players with built to lease model bringing online grade A plus sustainable developments.

Amongst the top regional clusters, real estate sector in the Delhi NCR region is poised for significant growth with continued urbanization and expansion of the region at the back of significant emphasis on infrastructure development, cutting across roads, airports, metro lines as well as social amenities, including hospitals, schools, hotels and other facilities.

Before I hand over to Rishi for the business updates, let me share what are going to be the key areas of focus for us at Max Estates as we look forward. First, regarding growth, Max Estates has demonstrated remarkable prowess in expanding its commercial and residential real estate portfolio across the Delhi NCR region. Following successful ventures in commercial development within Delhi and Noida, the company has judiciously ventured into residential developments and entered the Gurugram real estate market.

As we strive for the next phase of growth, Max Estates is committed to scaling its current portfolio which spans 8 million square feet by adding 2 million square feet to its portfolio every year. In FY25, our primary focus remains on augmenting our residential vectors within the NCR region through joint development as a preferred model and outright purchase in selective cases. Secondly, in terms of capital, since inception, Max Estates has successfully raised over INR3,000 crores of capital encompassing both equity and debt.

Multiple commitments made by our partner New York Life Insurance amounting to approximately INR800 crores underscores our ability to partner with best-in-class capital providers and inspire them for a long-term relationship. With cash on our balance sheet, internal accruals from the sale of our first residential project, Estate 128, the lease rental discounting potential of both our new developments, Max Square and Max House Phase 2, coupled with exploring joint development and joint ventures as a preferred route to grow, leveraging our brand equity.

We are well-funded to secure development opportunities and meet our growth aspirations of 15% to 20% in terms of booking value over the next three to five years while continuing to build a robust rental portfolio. Thirdly, Max Estates places utmost importance on execution excellence characterized by timely project delivery, superior construction quality, and efficient project management, all geared towards maximizing customer satisfaction, particularly through our live well and work well philosophy. Lastly, there is a deep focus on sustainability, with all our buildings being certified gold or platinum for both green as well as health and well-being aspects.

On a broader ESG journey, we have secured a four-star rating in GRESB ranking in 2023 and aim to achieve the highest five-star rating in 2024 just in the first few years of our journey. With this, I hand over the call to Rishi, our COO, for detailed business updates. Thank you.

Rishi Raj: Thank you, Sahil, for the strategic overview. Let me first give you project-wise business updates and then move on to the development pipeline. Let us start with our work well experiences.

First, a quick highlight on the industry. Despite global headwinds, the office market displayed resilience in 2023, witnessing growth in leasing activity on a quarterly and yearly basis. Net leasing in 2023 stood at 42 million square foot, 10% to 11% higher than in 2022.

This marks a new post-COVID milestone, second highest annual net office space absorption, only 10% behind 2019 peak. As a result, the sector is poised for a better-than-expected year on the back of steady occupier confidence. Net absorption for 2024 expected to track in the vicinity of 2019 levels and at least 20% to 22% higher year-on-year.

Supply pipeline is expected to remain strong, with flight to quality a key theme creating demand polarization. Coming to our individual assets, Max Towers, total leased area owned by Max Estates in Max Towers is 100% occupied and leased rental income from Max Towers stood at INR280 million in nine months of FY24, which is estimated at INR400 million for full year. Moving on to Max House Phase 1, it is 100% occupied and the leased rental income from Max House Phase 1 stood at INR105 million in nine months of FY24 and estimated at INR160 million for the full year.

So, between Max Towers and Max House Phase 1, we already have INR560 million of annual rental income. Coming to Max Square project, it is already 55% leased at a premium of 25% to 30% over prevailing market rates in micro market. The leased rental income from Max Square stood at INR6 million in Q3 FY24 and INR51 million in nine months of FY24.

The company is confident of achieving 100% leasing in calendar year 24, which will be within two years from its completion in February 23. The leased rental income from Max Square is expected to be at INR600 to INR700 million once fully leased. The company has received Occupancy Completion Certificate for Phase 2 of Max House in November 2023, a boutique office campus in Okhla, South Delhi.

This phase of the development has a net leasable area of 1.5 lakh square feet. When combined with Phase 1, the campus has approximately 2.55 lakh square feet of leasable area. We are happy to share that for Max House Phase 2, 65% of total leasable area already has been transacted, including LOIs, with more than 50% pre-receipt of Occupancy Certificate.

The transacted rentals are at a premium of 35% to 40% over prevailing market rates in micro market. In fact, we have been able to derive premium of 15% to 20% over Phase 1, clear testimony to curating unparalleled campus-like ecosystem with dedicated amenities block at its core. The company is confident of achieving 100% leasing within calendar year 2024, which will be within a year from completion.

Lease rental income from Max House Phase 2 is expected to be INR250 million to INR300 million once fully leased. Now, coming to Max Square 2, Noida, the company's SPV had successfully won the bid for two land parcels for a total cost of INR220 crores. Both land parcels combined spread across four acres and are located in Sector 129, Noida on Noida-Greater Noida Expressway adjacent to Max Square development, which is now operational.

The total development size of the acquired land parcel, including completed Max Square project, will entail a mixed use total office-led space development of 1.8 million square foot. The company is on track to finalize design and all approvals to start the construction towards the end of Q4 FY'24. The lease rental income from Max Square 2 is expected to be in the range of INR1,000 million to INR1,150 million at 100% occupancy.

Finally, coming to Max 65, Golf Course Extension in Gurugram, which is a 7.15 acre land parcel with development potential of 1.6 million square foot, located right on one of the most primary commercial office vector Golf Course Extension, and is at 10 minutes driving distance from Sector 56 Metro Station on Golf Course Road.

We have Gensler, a global design and architectural firm, as the design partner for the project to bring onboard world-class office experience to Gurugram. The lease rental income from this project at its peak occupancy is expected to be in the range of INR1,600 million to INR2,000 million.

Now, let me move to our LiveWell experiences. First, a bit on the industry. Housing sales in top seven cities in India witnessed year-on-year surge of 31% to all-time high of 477,000 units so far in 2023, breaching the previous high of 2022. And 446,000 new units got launched in 2023, implying an annual increase of 25%.

Focusing on Delhi NCR, new supply was at 37,000 units against a demand of 66,000 units, translating into significant reduction in inventory by 35% to less than now 20 months, and one of the highest increases in price by more than 50%, making average price in Delhi NCR even surpass Mumbai metropolitan region, as per Nuvama research report. While pan-India witnessed share of luxury and ultra-luxury launches, as per Analog, increased from 9% in 2018 to 24% in 2023. The share in Delhi NCR once again was highest at 38%.

Coming to Max Estates portfolio, the company's first luxury residential, Estate 128 in Noida has received, as we already shared earlier, thumping response, fully sold, and garnered a booking value of INR1,800-plus crores.

We are delighted to share, over the last six months, the company has collected INR441 crores for the project. The payment schedule for this project is construction-linked, translating into 25% collection every year, and we are well on track. The construction has begun and is on track to deliver the occupancy well within RERA promise timelines.

The company, as we had shared earlier, entered into a joint development agreement in Sector 36A, Gurugram with a development potential of 2.4 million square foot, and at the time in early 2023, we underwrote the gross development value of INR3,200 crores. The land parcel measures 11.8 acres, with direct access from Dwarka Expressway.

The company has onboarded Antara Senior Living for Advisory Services for its first intergenerational community to be developed on this particular site. The development allocates 33% of available FAR, which is one-third for the creation of senior living units and associated amenities. Once again, here, we have partnered with Gensler to bring to life this community with unique blend of public and private places dotted with high-intensity landscape. The launch is estimated to be in mid-calendar year 2024, and we are well on track.

We endeavor to scale this portfolio beyond 8 million square feet by adding at least 2 million square feet per year on an average to the portfolio while maintaining a distinctive source of differentiation, which is design and hospitality-led consumer experience. Finally, coming to mixed use development enabling both WorkWell and LiveWell experiences, the Honorable NCLT New Delhi approved the Resolution Plan of Delhi 1.

Just to recap, it's a commercial plot measuring 35,000 square meters located in Noida Central Business District. This has a potential of 2.5 million to 3 million square foot of additional development footprint to the portfolio of Max Estates beyond 8 million, which we have already secured. The implementation of Resolution Plan is subject to receipt of requisite approval from regulatory and statutory authorities, which is expected to progress soon.

Now, moving to our in-house asset management vertical, Max Asset Services, which provides end-to-end managed office service, including but not limited to fit-out leases, fit-out design, and build and office operations services, including F&B, housekeeping, and IT services. We are happy to share that our managed flexible office offering WorkWell Suites at Max House Okhla continues to be 100% leased. As a part of our WorkWell philosophy, we continue to differentiate our client experience by adding more amenities like salon, early learning center, shuttle services, badminton courts, and many more.

We continue to curate and evolve various F&B options to create a unique ecosystem for our clients to work well. With an aim to uplift our assets with best-in-class facilities and becoming more operationally efficient, we are deploying various digital tools across all verticals, including parking management, lift management, amenities booking, visitor management, and air quality monitoring. Revenue for Max Asset Services for nine months FY'24 stood at INR232 million.

We expect facility service business of Max Asset Services to witness strong growth in FY'24 and FY25, as high percentages of our offices are now open and expected to avail our services. Over the years, Max Asset Services has stayed true to its commitment of creating spaces that enable well-being with an unwavering focus on LiveWell and WorkWell as a philosophy.

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

Nitin Kansal: Thank you, Rishi. Good afternoon, everyone. Now, let me first give you the financial highlights for the nine months ended for the financial year '24. Consolidated revenues stood at INR629 million for the nine months. Consolidated EBITDA stood at INR100 million for nine months FY'24. Consolidated profit before tax stood at a loss of INR614 million and our PAT stood at a loss of INR524 million in the period.

This is primarily on account of following –

The company has incurred advertising and marketing expenses to the tune of INR184 million in nine months for the launch of Estate 128 project, which is accounted as an expense in line with the accounting principles, while revenue for the same would be recognized subsequently at the time of possession.

Similarly, the company has also decided to conservatively take a 100% one-time provision on the investments made in the Azure Hospitality. The provision is for INR445 million in nine months FY'24. No provision was made in the quarter 3.

Furthermore, post this provision, the company has got no further non-core investments. Adjusted EBITDA and PBT in nine months FY'24, excluding the above two expenses, would have been a profit EBITDA of INR284 million and a PBT of INR10 million, respectively.

Speaking about the liquidity position, the debt stood at INR767 crores as of December 2023, of which around INR338 crores is LRD. Cash and equivalents stood at INR444 crores. Hence, the net debt stood at INR323 crores.

Now, I would request Tushar to open the floor for the question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ravi Shah from Opal Securities. Please go ahead.

Ravi Shah: Yes. So, first question would be, what are the risks or challenges do we see on our existing or upcoming projects? If you can help over there. Hello?

Rishi Raj: Yes. Thank you, Ravi. In terms of risk and challenges, I think one of the risks that we had been witnessing was slowdown, global slowdown with respect to office leasing, which did have some impact on India as well. But thankfully, unlike developed economies, the return to office phenomena is back in full swing. And we are moving away from remote to hybrid.

And now, office-led hybrid is one of the options. Pan-India, we see 70% occupancy back in office. When we look at our development, Max Towers, Max House, upwards of 90% is back in office. So, I think what we are going to witness is the flight to quality and accelerated K shape recovery that Sahil talked about.

And in a way, with our philosophy and the development that we endeavor to do, which is anchored on quality and experience for end-user build-to-lease, we see a favorable opportunity for us to move forward as we bring online our two new commercial developments. I think that's one.

I think second, there has been a lot of discussion with respect to housing cycle. In our view, given the fundamental strength of Indian economy that Sahil talked about, also given what we are seeing in terms of change in income mix, rapid urbanization, higher affordability, expected decline in mortgage rates, we believe that the demand for housing is here to stay and going to grow for urban and metropolitan center. The share of luxury and premium is here to stay and continue to grow.

So, from a price realization perspective, we don't see the challenge. Having said that, we do embrace and agree that the cycles will be much more volatile than we have seen in past. Hence, we as the management team, as we are underwriting new projects, taking through cycle view, and instead of assuming that it will be day one, day, week one, one month sold out, we underwrite conservatively that the sale will happen over the life cycle, and we then calibrate the go-to-market strategy given the market sentiment once we launch a new project.

Finally, as we are scaling up from 2 million to 8 million, and now we will continue to grow 2 million, one can obviously say we will have our own execution risk and challenges, which we are trying to mitigate by very strong emphasis on people, systems and processes, digital, not just to do lip service, but in true sense, investing significant amount of management time, bandwidth and effort to build strong foundation and muscle to navigate through volatility in cycles.

So, that's how I would summarize some of the risks and challenges and what we are trying to do to mitigate it.

Moderator: The line for the current participant has been disconnected. Moving forward to the next question. The next question is from the line of Karan Khanna from Ambit Capital. Please go ahead, sir.

Karan Khanna: Thanks for the opportunity. Just a couple of questions from my side. Firstly, Sahil, you spoke about the K-shaped recovery that you are seeing in the commercial real estate space. So, if you could quantify in terms of, say, if you look at the RFPs in the market, how is that trended in terms of mix or shift towards the premium segment over the last few years, especially post-COVID?

If you could talk more on that and likewise on the residential front, given that we have entered CY24 and as we are entering FY25, what kind of transactions in terms of the land deals or arrangements with your landowners, what trends are you seeing over there? That's question number one.

Rishi Raj: Hi, Karan. I'll take this up. Glad to hear you. First, on K-shaped recovery, if you look at 42 million square foot of 2023, which is 10% to 11% above 2022, I will call out a few trends that we are witnessing. Clearly, there is flight to quality, which we are witnessing in our recent development, which got completion, both Max Square and Max House.

And we are also seeing that in built-to-lease premium buildings elsewhere in Delhi NCR. Just to illustrate the point, if you look at Max House Phase 2, we got completion in November 23. The building is already 65% transacted. The rentals that we are getting is 35% to 40% above the micro market and 15% to 20% above the Phase 1 development.

Similar trends we are seeing for Max Square. But what is interesting is when you peel the onion, there are several other trends that are getting unveiled. Number one, the share of IT/ITES, which used to be around 37%, 2017-2019 has fallen to 21%, and that is getting replaced by demand from financial services, engineering and manufacturing, healthcare, flexible office, consulting firm.

When you go even one level deeper, what is even more interesting is across sectors, the rise of global capability centers who account for 35% to 40% of leasing absorption, who have much higher appetite for premium and well-managed, amenitized, serviced office building for their employees. Another very interesting trend that we are seeing is shift from US companies to leading domestic players who are accounting for now almost 44% of the total leasing absorption.

And the share of US companies has gone below 40%. And this is again what we are seeing in our pipeline for Max Square and Max House, a lot of domestic players who are looking to upgrade or looking for expansion into a well-managed and premium office building. One of the fallout of this particular trend is that the mix is more gravitating towards smaller transactions. So if you look at 2023 data, up to 51,000 square foot, 41% of the leasing was in that particular category.

So these are some of the trends that we see which we think is favorable for players like us. Quickly, coming to your residential question, as we have announced, our aspiration is to add 2 million square foot. We at this point in time are evaluating 15 to 20 deals. Six of them are in commercial negotiation or due diligence stage, which in itself is around 14 million square foot. Many of these are in Gurgaon, and a couple of them are in Noida and Delhi as well.

We are very confident that in the first half of fiscal year 2025, we will be able to close at least one, if not two more opportunities to meet our growth aspiration.

Karan Khanna: Sure. This is helpful. Thanks for the elaborate response. Second question on your Estate 360 launch. I understand you're looking to launch this in the first quarter of FY25. Could you elaborate more in terms of the size of the sales-wise launch pipeline in terms of how you're looking at launching this project?

Rishi Raj: Yes. So Estate 360, mid of this year, end of quarter one, FY25 is what we are targeting. In terms of design closure and approval, we are on track. As we have shared earlier, the total development potential here is 2.4 million square foot. It's first intergenerational, one third will be dedicated to senior living, which will coexist as a part of larger ecosystem. As far as launch size is concerned, as we have shared earlier, we so far were planning to launch it in two phases.

At least two-thirds we would like to launch in phase one, and one third subsequent to first phase launch. The timing will depend on how the first phase launch goes. So that's how we are thinking about the launch of Estate 360. As far as pricing, payment plan, and other details are concerned, we will come back and update all of you once we have gone through all the approvals, including RERA.

Karan Khanna: Sure, that will help. I will come back and look at any further questions. Thanks, Rishi. Thank you.

Management: Thank you.

Moderator: Thank you. And the next question is from the line of Jiya Shah from Wealth Securities.

Jiya Shah: Okay, so my question is on the residential project Estate 128, that we have in Noida. As we have fully sold out, when will we be recognizing the revenue for it, and can you share the timeline for the same? And I also have a second question with respect to the targets for revenue and profitability for FY25 and FY26.

Nitin Kansal: Sure. Good afternoon, this is Nitin Kansal. So as per the accounting principles, we have to recognize the income in the year in which the delivery happens. We have sold Estate 128 residential project in FY24 in June / July '23. As per the timelines we have given to the customers in RERA is five years. So we are expecting the revenues to be accounted for in FY28 for this project.

This is when the accounting income would come up. I will hand over to Rishi for the next question.

Rishi Raj: Okay, so in terms of guidance and longer-term trajectory, I would like to call out a few things. First, on commercial real estate portfolio, as we have shared earlier as well, once entire 4 to 4.5 million square foot is fully online and at peak occupancy, this has a potential of INR400 to INR475 crores of annuity income. Coming to residential, I think a better way to gauge performance and growth in residential is by focusing on booking value.

In FY 24, we have already registered a booking value of INR1,800 plus crores. Given what we have in pipeline with Estate 360, we are expecting a booking value in the range of INR2,200 crores to INR2,400 crores in FY '25. And we would like to maintain a 15% to 20% growth trajectory.

And in five years by FY '29, look at annual booking value in the range of INR4,000 crores to INR4500 crores. In order to deliver on this growth aspiration, if we work backwards, our acquisition targets that we have shared, which is 2 million square foot per year, is reasonable to address and deliver on this growth target.

And at the same time, given our historical track record of adding 6 million in the last two years, and what we see in terms of transaction volume in Delhi NCR, this would imply around 10% of market share, which we are very confident of delivering on.

Moderator: The next question is from the line of Ravi Shah from Opal Securities. Please go ahead.

Ravi Shah: Yes, hi, so sorry, I got disconnected. I just had another follow up question. So I just wanted to know if you can share the status for Max Square Noida 2 project, since we are already halfway through during the quarter. So when do we expect the construction of this to start?

Rishi Raj: Hi, Ravi. As I updated earlier, Max Square 2, we acquired in October of 2023. And as per our business plan, we are very well within the time of launching, of starting the construction in six months, which is end of quarter 4, FY '24. And we expect approximately 3.5 years to deliver and receive occupancy cum completion certificate for Max Square 2 development.

Ravi Shah: Understood, sir.

Moderator: And the next question is from the line of Ritwik Sheth from One Up Financial. Please go ahead.

Ritwik Sheth: Hi, good afternoon, sir. So a couple of questions from my end. So what would be the construction spend that we would have done for the Estate 128 project that we launched last year in nine months, FY '24?

Nitin Kansal: Hi, Ritwik, good afternoon this is Nitin. As of now, on the construction, we would have spent close to INR30 crores. This includes the cost incurred on the experience center and the subsequent construction which has started on the project.

Ritwik Sheth: Okay. And what would it be like in FY '24 fully or FY '25 and '26? If you can give us a figure.

Nitin Kansal: The amount which will be required to be spent would be in the range of close to INR300 crores to INR350 crores to be spent in the next couple of years. The money would be utilised from the 70% account which is lying as of now in our bank.

Ritwik Sheth: Right, right. So basically, it will be funded from the advances that we have made.

Nitin Kansal: Yes.

Ritwik Sheth: And, sir, we mentioned that we are looking to acquire 2 million square feet per annum. And we are close to finalizing at least one, if not two, deals in FY '25 for acquiring new residential projects. What is the kind of money that we will be spending to acquire these projects? And what kind of GDV would be – can you throw some light on that?

Rishi Raj: Yes. I think without getting into too many specifics at this stage, I think what will help as a broader guidance is three things. One, as far as future acquisitions are concerned, our endeavor is to keep it relatively capital light and aim for joint development and joint venture and very selectively outright purchase either bilateral or through auction route.

In terms of actual spend, it will really vary from opportunity-to-opportunity. But we would like to state very clearly that for this acquisition, we have – we are very well funded with our multiple sources, including internal approvals, potential to securitize receivables from Estate 128, the LRD on new operational asset Max House and Max Square. We are very well funded to fund the acquisition as a matter of policy.

For these land acquisitions, either outright or in the form of deposits that we have to give for joint development, we will be using equity route and not the debt route for land acquisitions.

Ritwik Sheth: Okay. Any figure like INR500 crores per annum we will be spending on?

Rishi Raj: I think we would like to avoid the guidance at this point in time. I think what is important to understand again from a guidance perspective is that we should look at our capex into two parts. Part one is the capex that we are going to incur to fully deliver 8 million square foot, the balance of 8 million square foot, which broadly will be in the range of INR1,300 crores to INR1,500 crores over the next five years, well funded through equity and debt route. So that's one part.

As far as newer growth opportunity beyond 8 million is concerned, for those 2 million per year, as I said, that we will be able to share more closer to when we are ready to acquire. But we have a clear line of sight on the source of fund for those growth opportunities.

Ritwik Sheth: Sir, this is helpful. And thank you and all the best.

Rishi Raj: Thank you so much.

Moderator: The next question is from the line of Yug Mehta from AP Capital. Please go ahead.

Yug Mehta: Sir, I just have two questions. On the profit from sale of real estate projects, how do we intend to use that fund? Will it be for other projects or repayment of debt?

Nitin Kansal: Sir, from the sale of residential projects, the money is primarily kept in the 70% account as well as other accounts. And this capital gets released only at the time of completion of the project. So this capital, whatever we receive, will be deployed on these respective assets only.

Yug Mehta: Okay, sir. Secondly, sir, on our commercial portfolio, when do we expect to see full revenue potential as Max Square 2 and Max 65 project is awaiting for construction?

Rishi Raj: Yes. So on Max Square 2, as I said, and 65 Gurgaon, both will start construction end of quarter 4, FY '24. Max Square is expected to complete roughly 3.5 years from start of construction.

The Gurgaon project will be delivered in two phases, delivered in a span of 3 to 5 years, both the phases. So if you go by that and if you add year 18 months post the completion, that's the time when you will get to see full rental potential, which we have projected at INR400 crores to INR475 crores. But it will happen over years and not in one go. It will build up over years.

Yug Mehta: Perfect. So thank you. That's all from my side.

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

Rishi Raj: Thank you. I hope we have been able to answer most of your queries. We look forward to your participation in next quarter and thanks to all of you for participating in this conference call and we will continue our engagement moving forward. For any further queries, you may contact SGA, our investor relations advisors. Thank you.

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