August 31, 2020

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 Q1 FY 2021 HELD ON AUGUST 04, 2020

Dear Sir/Madam,

Please find enclosed the transcript of Earnings Conference Call conducted by the Company for Q1 FY 2021 on Tuesday, August 04, 2020.

This is for your information and records.

Thanking you,

Yours faithfully
For **Max Ventures and Industries Limited**

Max Ventures and Industries Limited

Saket Gupta
Company Secretary and Compliance Officer

Encl: As above

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"Max Ventures and Industries Limited Q1 FY2021 Earnings Conference Call"

August 04, 2020

MANAGEMENT: MR. SAHIL VACHANI - MD & CEO - MAX VENTURES AND INDUSTRIES LIMITED
MR. NITIN KANSAL - CFO, MAX VENTURES AND INDUSTRIES LIMITED
MR. RISHI RAJ - CHIEF BUSINESS DEVELOPMENT OFFICER, MAX VENTURES AND INDUSTRIES LIMITED
MR. RAMNEEK JAIN - CEO - MAX SPECIALITY FILMS LIMITED
MR. ROHIT RAJPUT - CEO -- MAX ASSET SERVICES LIMITED
MR. NITIN THAKUR – INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to the Max Ventures and Industries Limited Q1 FY2021 Earnings Conference Call. This conference call may contain forward looking statements about the company, which are based on the 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 listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sahil Vachani, MD and CEO, Max Ventures and Industries Limited for his opening remarks. Thank you and over to you Sir!

Sahil Vachani: Good Morning, ladies, and gentlemen. Thank you for joining us on the Max Ventures & Industries Q1FY21 Earnings Conference Call. Along with me today I have MaxVIL's experienced senior management team on the call. We have our CFO – Mr. Nitin Kansal, Mr. Rishi Raj - Chief Business Development officer, Mr. Ramneek Jain - CEO of our Packaging Films, Mr. Rohit Rajput - CEO of Max Asset Services, Mr. Nitin Thakur – Director, Brand & Communication of Max Group. We also have SGA – our Investor Relations advisors on the call.

Thank you everyone again for joining the call and I hope you and everyone around you is safe and in good health.

Let me first start by giving you a strategic view of where MaxVIL is:

- We continue to cement our position in commercial real estate business while speciality films is proving to be a dependable cash-generator.

- In real estate, timely and high-quality completion of Max House demonstrates that we can create high quality office complexes on schedule, faster than most other developers and within budgets.

- We have strong project pipeline with high teen IRRs and proven access to international high pedigree financial partners such as NYL to enable asset light growth. In discussion with other funds to tap into new (and distressed) opportunities in Gurgaon

- Our real estate business is net-zero debt. Our internal stress-tests show that we can navigate even longer than expected economic slowdown.

- Uncertain business environment has impacted fresh office-leasing but Grade A office assets in Delhi NCR will revive faster and we can benefit from distressed opportunities.

- EBIT, Contribution Margin in Speciality Packaging will remain firm due to continued demand, lower RM prices, reduction in supply overhang and MSFL's continued push on value added strategy to increase speciality mix.

Let me now give a more detailed business performance overview followed by financial highlights

Q1FY21 has been a strong quarter for MaxVIL recording a revenue of Rs. 2,586 Mn. MaxVIL recorded its highest ever operational EBITDA & PAT of Rs. 470 Mn & Rs. 131 Mn respectively in Q1FY21, if we exclude the Q1FY20 quarter where a one-off sale transaction was undertaken for a small portion of Max Towers to institutional investors and a partial stake sale of our investment in FSN E-commerce ventures, the holding company of Nykaa business.

Rishi Raj: I am very pleased to announce that we have received completion certificate for our second Grade A+ commercial offering – Max House phase 1 comprising of 1,05,000 Sq. Ft. leasable area. The project will be launched for leasing in the current month - August 2020. We did our first ever digital launch for the channel partners for this project in July.

Max House is strategically located with excellent accessibility and connectivity to the entire NCR and will be the only Grade A+ office in that area. It will have similar components of our 'WorkWell' philosophy that have been appreciated by tenants at Max Towers. We have also worked extensively with our infra and tech partners to ensure that the complex has the best-in-class health and hygiene features and SoPs.

We expect to attract a similar reputed tenant profile for Max House like of Max Towers which comprises head offices of Indian & Foreign Multinational companies. We have developed product & pricing innovation for this project and thus confident to achieve respectable occupancy levels by end of FY21. Work for the phase 2 of the project, with a similar leasable area as phase 1 is expected to commence in Q3FY21.

In spite of disruptions caused due to COVID-19, our rental collections in Max Towers are healthy at more than 90% which is a testimony to our strong & reputed tenant profile. The total leased area in Max Towers now stand at ~2,75,000 Sq. Ft. which includes both the Max Estates and for investors which Max Estates holds the leasing rights. Leased area attributable to Max Estates stands at ~140,000 Sq. Ft. As lockdown started easing, we have witnessed increased enquiries for our office space in Max Towers and Max House as well though new leasing activity in the industry remained slow as occupiers reassess their office space requirements. With increased enquiries and footfalls, we expect to start gaining back the leasing momentum from H2 FY21, which was impacted due to COVID-19.

For our next Grade A+ commercial project – Max Square, located at Noida Expressway, all statutory approvals including building plan, environmental clearance e.t.c. is in place in a record time of 5 months despite COVID led lock down of 3 months in between. We expect to commence the construction in Q2FY21 itself. 'Max Square' is approximately a 0.7 Mn Sq. Ft. project designed to house commercial office space as well as F&B, entertainment areas and other amenities. It will re-define the office offering in this micro market addressing the current pain points of occupiers while also factoring in future needs implementing our WorkWell philosophy. And, all of this in a competitive price bracket of USD 1 per square feet per month. New York Life is a 49% investment partner with us in this project. This will be Max Estates largest project till date. Max Estates will be responsible for the final delivery of the project and will be entitled to a development fee on the project. The project is targeted to be delivered by Q4FY23.

The distressed project – Delhi One which we had bid for is still under NCLT hearings. We have already received approval from the committee of creditors and been declared as a 'Successful Resolution Applicant'. Our resolution plan is with NCLT for final approval, which got delayed due to the lockdown. We expect to get the final clearance by end of FY21.

In our last call, we updated you about several business development initiatives including innovative product and pricing solutions like 'Zero Capex Plans' addressing cash conservation needs of the occupiers looking to re-locate to new office space. We also updated that we are investing in getting ready with Digital toolkit to build awareness, generate leads as well as engage clients keeping in mind travel restrictions. I am delighted to share that these initiatives are not only implemented in time but also generating positive outcomes for us as enquiries have started increasing. Let me share an example – The virtual tour of Max Tower office asset has been now used by our team with several decision makers / influencers at the client based outside Delhi NCR as well as India and has helped in the shortlisting of our asset for further considerations.

During Q1FY21, many large occupiers have started reassessing their office space requirements and firming up plans to move from expensive, old & strata sold offices to developer owned & managed offices with reasonable rentals to save on costs without compromising on quality and safety. Max Estates is targeting such tenants currently located at expensive and old office spaces in Delhi & Gurgaon. The company is witnessing enquiries with such relocation intent.

We expect occupiers will prefer Grade A+ developer managed office spaces in Delhi NCR which offer safety, security, continuity of operations and healthy working environment. Our office spaces are well equipped with high end new age technologies which are necessary to monitor and implement safety and social distancing measures to provide a hygienic and healthy working environment to our tenants.

Work from home may impact demand but at the same time de-densification and de-consolidation of office space may counterbalance this decrease. We believe that demand for commercial offices in NCR will be impacted in short term, but supply is also expected to fall due to few NCR based developer's inability to complete the projects on account of their overstretched balance sheets and lack of liquidity. Hence as a result, lower demand will be counter balanced to an extent by lower supply.

Max being a credible brand with focus on Grade A+ commercial office segment, strong balance sheet with zero net debt and access to Institutional Equity capital is well placed to capture the market, as industry grapples with consolidation.

Rohit Rajput: Now let me give brief highlights about Max Asset Services & Max Investments

I am happy to update that Max Asset Services – our real estate focused service vertical has delivered its second managed office project at Max Towers for a Fortune 500 client. MAS has been playing a pivotal role in implementing new age technology tools such as mobile app, video analytics, advanced air filtration techniques, visitor management etc. in offices which are essential to provide pleasant experience to the tenants along with 'zero tolerance' for any lapse with respect to health and safety of our tenants – a promise core to our WorkWell philosophy. We expect many tenants to avail services on this premise going forward.

At Max Investments, we continue to engage with many RE-tech start-ups implementing technology that will aid us to implement our WorkWell philosophy to drive both emotional and physical well-being of our tenants.

Ramneek Jain: Now coming to our packaging films vertical – MSFL

Q1FY21 has been a very strong quarter for our packaging films vertical. Our manufacturing facilities being covered under essential services continued to operate smoothly even under lockdown during Q1FY21.

We expect a strategic shift in consumption pattern with people moving towards packaged food vs. open food purchase which should result in shift towards branded product consumption. Both support MSFL as demand of packaging materials will increase leading to new business opportunities.

We continue to be one of the preferred suppliers to the brands as MSFL brings innovation and new technologies with one of the world's most advanced BOPP facilities and a backing of a global leader in printing & packaging technology – TOPPAN.

Increased adoption of packaging foods from brands will enhance packaging films demand. As consumer is becoming more aware and sensitive towards health and safety of packed foods, MSFL is leading the way by targeting anti-microbial and anti-viral films. MSFL is working with stakeholders to quickly commercialize these films and also growing speciality exports through direct customers and Indian customers with global presence.

We continue to move up the value chain with higher share of value-added speciality films, while keeping a tight control on costs enabling us to steadily expand our profitability margins. As a result, our EBIT almost tripled to Rs. 400 Mn in Q1FY21 as compared to Rs. 140 Mn in Q1FY20 and EBIT margins expanded YoY to 15.9% in Q1FY21 from 5.7% in Q1FY20. MSFL reported a revenue of Rs. 2,512 Mn, in Q1FY21, up by 3% YoY. Net external Debt in our packaging films business has come down to INR 3,988 Mn as of 30th June 2020 and we aim to continue on this path of de-leveraging the business using surplus cash flows.

Best of the Brands like HUL, Pepsi, ITC, Nestle and many other global players have chosen us as a preferred partner to develop innovative packaging solutions directly for them and ensure faster speciality commercialization

In line with our value led strategy, we have planned to set up a new metallizer line which is expected to be up and running by the third quarter of FY 2020-21. This line will not increase overall capacity because the base film remains the same, but it will enhance MSFL's ability to improve the value-added speciality component in its product category even further. This new Metallizer Line is being developed at an investment of Rs. 30 crores contributed by MaxVIL & its strategic partner Toppan in the ratios of their existing shareholding that is 51:49.

With favourable domestic and exports demand, stabilized supply, and improved realisations, we expect healthy profitability to continue in coming quarters and financial year.

Nitin Kansal: Let me give you the financial highlights for the Q1FY21

- Consolidated Revenue for Q1FY21 stood at Rs. 2,586 Mn. as compared to Rs. 4,255 Mn in Q1FY20

- Q1FY21 Financials cannot be compared to Q1FY20 as during Q1FY20, we had recorded one-off sale transaction of Rs. 1,618 Mn in Max Towers and recognised gain from partial stake sale of Rs. 185 Mn in Nykaa

- Hence, excluding these one-off transactions, revenue has in fact increased by 5.4% YoY from Rs. 2,452 Mn in Q1FY20 to Rs. 2,586 Mn in Q1FY21.

Let me for better comparison give profitability numbers on adjusted basis for these transactions

- EBITDA for Q1FY21 stood at Rs. 470 Mn as compared to Adjusted EBITDA of Rs. 147 Mn (INR 566 Mn adjusted by profits of Nykaa (185 Mn) and Sale of part of Max Towers (INR 234 Mn) in Q1FY20, up by 220% YoY

- Consolidated EBITDA Margins for Q1FY21 stood at 18.2% as compared to adjusted EBITDA margins of 5.9% in Q1FY20, expansion of 1220 bps YoY

- Consolidated Profit before tax stood at Rs. 237 Mn in Q1FY21 as compared to adjusted Loss before tax of Rs. 57 Mn in Q1FY20.

- Consolidated Profit after tax stood at Rs. 131 Mn in Q1FY21

Let me now give you brief segmental financial highlights

- Our Real Estate business that is Max Estates Limited's revenue stood at Rs. 47 Mn in Q1FY21. Of that, Lease Rental Income for Max Towers stood at Rs. 44 Mn in Q1FY20. We have achieved a weighted average rental of Rs. 100 per Sq. Ft. at Max Towers

- Revenue for Max Asset Services stood at Rs. 24 Mn in Q1FY21 as compared to Rs. 10 Mn in Q1FY20, up by 140% but that is on a low base. We expect a gradual uptick in revenues as more management contracts get added in the portfolio

- Our Packaging Films vertical – MSFL's revenue stood at Rs. 2,512 Mn in Q1FY21 as compared to Rs. 2,437 Mn in Q1FY20, up by 3.1% YoY and up by 7.4% QoQ

- EBIT for the packaging business stood at Rs. 400 Mn in Q1FY21 as compared to Rs. 140 Mn in Q1FY20, up by 186% YoY and up by 83% QoQ

- Packaging Films witnessed a strong expansion of 1020 bps in EBIT margins from 5.7% in Q1FY20 to 15.9% in Q1FY21. In Q4FY20 it was 9.3%

- Total Volumes for Packaging Films stood at 16,258 MT in Q1FY21 as compared to 16,052 MT in Q1FY20. However, our focus is on value growth and not volume growth

- Value added speciality films contributed 39% to Packaging Volumes in Q1FY21 vs. 37% in Q1FY20.

- Value added speciality films contributed 46% to total MSFL Revenue in Q1FY21 vs. 43% in Q1FY20.

- Speciality films volume contribution was lower QoQ as demand for thermal films which has industrial applications were affected due to the COVID-19 lockdown

Speaking about our liquidity position

- Gross Debt in our Real Estate Business – Max Estates stood at Rs. 1,072 Mn as on June-20. Cash and liquid investments stood at Rs. 1,165 Mn. Hence, on net basis, our Real estate business is in fact debt free

- We have sufficient liquidity to service the debt of Real Estate business and at the same time well-funded to complete the project which is currently under development

- Hence, we are in an extremely strong position to deliver the projects as compared to other developers which are facing liquidity constraints

- Gross external Debt in our packaging films business stood at Rs. 4,015 Mn as on June-20. Excluding cash & liquid investments, net external debt for the business stood at Rs. 3,988 Mn.

- Our Packaging Films business continues to operate with healthy margins and cash flows from the business are sufficient to service the debt of the business

Now I would like to handover back to Bikram for opening the session for Q&A.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. We have our first question from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

Biplab Debbarma: My question is pertaining to your real estate business. If my understanding is correct, you have quarterly rental revenue around 4.4 Crores, first question is just wanted to understand this 4.4 Crores is derived from how much area in Max Towers, Noida. You have 0.6 million and if we multiple 0.6 with Rs.100 per square feet per month then the number does not match, so I just wanted to understand what is this 4.4 Crores, this rental it is derived from how much area?

Nitin Kansal: We have a total area of approx. 292000 square feet leasable area at Max Towers of which approx. 140000 has been leased as of 30th June so the revenue which has been accounted for in the books is for only 140000 square feet in the quarter.

Biplab Debbarma: Okay. So sir my understanding is now you have around 1.5 lakh in Max Towers, Noida and around 0.1 million in Max House to be leased, right sir?

Nitin Kansal: Yes, 1.05 lakhs to be leased at Max House, Okhla

Biplab Debbarma: Okay. Second question is Sir you have a big project, Max Square that is coming up in Q2FY2021 and also you have remaining area to be built in Max House, Okhla so Sir I know you have a net debt of 0, just trying to understand how will you fund these two projects going forward? Market is facing a little bit of difficulty in funding. I am sure Max can easily get funding, but just trying to understand how will you fund these two projects, Max Square Noida and Max House, 50% debt, 40% debt, you are trying to get some equity partner just trying to understand the project funding?

Nitin Kansal: Biplab what is happening in the case of Max Square, Noida we have got New York Life as a 49% partner in the project and they have committed to deploy a total equity capital of 87 Crores of which they have already deployed 68 Crores as we speak now. So in terms of total outlay for Max Square project which is close to 400 Crores, we have an equity commitment of 175 Crores, 51% by Max Estates and 49% by New York Life and both the partners have already deployed more than 80% of the liquidity in the project. This leaves us to raise a debt of close to 220 Crores which is required. Now this leads us to a very interesting question - in our interaction with the debt providers one thing which has clearly come out is people have not been able to have a closure on the equity part when they are going for raising of the debt. In terms of Delhi NCR we would be one of the few developers who have already put in the money, the equity piece upfront for the completion of the project and as we speak today, what we are trying to say is all the cuts which are being provided by the RBI and the liquidity available with the bank, we are trying to make most of the benefit of this liquidity cut and the rate cuts available to us so for us the question is not about raising of the debt, it is the question of raising at the optimum pricing. So as we speak today we have got equity close for Max Square and we are in touch with number of bankers and we are just trying to optimize that cost for the debt piece which we want to raise.

Now coming to the second question which you had asked about Max House phase 2, Max House phase 2 we have already funded the project in terms of acquisition of underlying land from a company called Pharmax Corporation. Now as we speak today the way we think about it that our phase 1 project which is already up and running has a potential to raise an LRD which is against the lease rentals of the project. As we go forward, as we progressively lease our Max House phase 1, by the fourth quarter of the current financial year we would be able to raise LRD to complete our phase 2 project. We are not looking at raising construction finance or debt for our phase 2 project as of now. Again very important part in this aspect is it is already equity funded and the sponsor is not suppose to bring in the equity and it brings a lot of positive vibe for the debt provider also.

Biplab Debbarma: Okay. Thank you Sir.

Moderator: Thank you Sir. We have next question from the line of Manan Shah from Moneybee. Please go ahead.

Manan Shah: Thank you for the opportunity. Sir my question was relating to our packing business. If you could highlight what were the spreads during the quarter versus last quarter and same quarter last year and whether you expect the current prices that you realize in this quarter to sustain on a medium term basis?

Ramneek Jain: With regards to pricing, I think there are two big variables we have one is the overall market pricing with regards to commodity. Directionally we feel the prices should be okay but it is seen as high volatility which is at times beyond any strong logic, but nonetheless for us as far as MSFL is concerned, we think it should remain strong and primarily because of our continued success in value strategy that we see and so our products and the relationship with the customer and interdependence on each other continues to keep our pricing strong and linked to raw material in some cases thereby protecting our earnings.

Nitin Kansal: I will just give you on the numbers. We had in the Q1 FY2020 we had EBIT margins of 5.7% which moved on to 9.3% in Q4 FY2020 and which has further expanded to 15.9% in

Q1 FY2021. There has been a gradual ramp up in the EBIT margins over the period of last three to four quarters.

Manan Shah: Right but could you provide some color on the spreads between the BOPP and the PPE right now currently that is going on in the market?

Ramneek Jain: Help me understand your question you say BOPP and PPE means?

Manan Shah: Polypropylene and BOPP commodity films that we sell?

Ramneek Jain: So not in terms of sourcing of raw material but you are saying the prices of the commodity and speciality did I get your question right?

Manan Shah: It is pertaining to the commodity because I understand the speciality we would have pricing far better than commodity and the prices will be decided by the market sources. You know by the demand and supply?

Ramneek Jain: Right so I think I will share a little bit on that. So commodity prices remain relatively strong and we see good strength and I think given the demand and supply overall of packaged goods increasing because of the COVID and the hygiene appreciation of that, the demand remains high and the supply is fairly constant in the industry. So even in commodity side the prices remain high relatively speaking. Obviously the speciality that I was mentioning earlier because of value strategy we are working hard to increase and retain the delta that we command on the speciality, to your specific question of commodity prices are looking strong.

Manan Shah: Okay, Thank you.

Moderator: Thank you Sir. We have next question from the line of Patrick Samuel from Gravity Securities. Please go ahead.

Patrick Samuel: Thank you for the opportunity so first of all I would just like to understand what is the leasing momentum that we are witnessing currently and do we expect any conversions happening from the enquiries that we are getting recently? Second question would be as lot of companies are now preferring to adopt work from home, mode of working so how do you see it affecting the demand going ahead and lastly about our Max Towers, have we seen any customer coming to us and asking for any reduction in the rental rates?

Rishi Raj: So you have three questions. First question which is with respect to leasing momentum. Yes absolutely over last several weeks we have been seeing a significant rise in enquiries from week to week perspective and as we speak, we are in active discussions with some very solid prospective clients both for Max Towers and Max House, Okhla and we are very confident that some of this will get converted in Q3 of this fiscal year. So the answer on that is yes. With respect to overall demand scenario for office space, I think our view is very clear, we believe relative to other asset classes, commercial real estate will have limited impact and within that in particular Grade A plus office assets and developers will be least impacted and we will see sharper recovery. Of course the elephant in the room is around work from home. Work from home will have some impact. There are varying numbers out there maybe to the extent of 10% to 15%, but what we need to also understand are there are positive forces at play which we believe will counterbalance the negative impacts so as to say from work from home as I mentioned in my commentary, especially with respect to de-densificaiton and diversification and that is clear in our discussions with lot of occupiers for the past several weeks. This is becoming a reality in the real estate strategy both de-densification which is more space per square feet, per person, and as well as diversifying into multiple locations. So overall with that as well as a general acceleration one expects to see towards offshoring and outsourcing especially from US and European companies will lead to further increase in demand from a mid to long term perspective. I think the other important point one would need to understand is whilst demand is getting impacted in the near term the supply is getting impacted even more sharply so if you look at the report from Knight Frank for first half of 2020 the decrease in supply is 1.5 times more than the decrease in demand for first half 2020 and that is where we believe Grade A plus developers like us will benefit significantly. Coming to your third question with respect to rental waiver or renegotiation, none. I think we have been very successful with our tenants at Max Towers. While we may have supported a select few from liquidity standpoint for a month or so, but no rental renegotiation, no rental discount which also speaks volumes of the quality of the tenant which we have been able to attract at Max Towers and we are very confident to attract tenants with similar profile in Max House Okhla as well

Patrick Samuel: Thank you so much that answers my questions.

Moderator: Thank you Sir. We have next question from the line of Chirag Singhal from First Water Fund. Please go ahead.

Chirag Singhal: I have a couple of questions on the films business. First of all if you can help me explain like if we compare our historical margins in the BOPP films with the peer set, our films margin has remained on the lower end because I see in presentation that approximately 40 to 50% we have speciality films as our total sales so it is because of like we have less exports and more domestic sales or why is that so?

Ramneek Jain: I think it is a good question and it is a strong focus from me and my team to how to narrow that gap and edge forward. Some of the reasons we can say and we are studying those are some areas of structural improvement that we have while some may not be able to be addressed right away in terms of location of some of competitors to ourselves being in the north side away from the port that adds certain challenges at the same time we have our own advantages as well. So at the end of the day the effort is to be able to reduce the gap between us and our competitors on the earning side and I think the industry that we are in has a long gestation period with regards to product maturity, product stabilization and we are catching up on our value strategy and we had been on it for the past couple of years. I would say especially in the past one-and-a-half years getting in there so we have seen much higher traction of our speciality product. The journey requires products to take its roots and win the confidence of the customer and then slowly edge upwards in terms of its realization by continuing to add more value to the customer and I think that is the journey which we keep saying that is helping us but I can surely say that we have a long way to go in terms of continuously upgrading our product pipeline. We have a healthy line of products going in right now under the various stages of testing, new ones are in its infancy of the whole product pipeline. So I think the direction is right, the efforts on the cost side, efforts on the customer positioning, geographical positioning, exports versus domestic I think all of us in the industry we have strong worthy competitors I think we are moving up in our realization of the efforts that we have put in and I think in the coming quarters it is our personal goal as well to narrow that gap and take the lead.

Chirag Singhal: That is a really good assurance from the management side and I appreciate that and that quite answers my question on the margin differentiation between you and the peers. My second question is on the current scenario which is like we are seeing robust margins in both BOPP and BOPET and from your standpoint BOPP so we saw 70% margin expansion sequential basis in Q1 in your packaging films so how are you seeing the margins? Are you foreseeing that Q2 will be better than Q1 or it is going to be on the same wavelength or are we seeing any improvement in the realization or the margins?

Ramneek Jain: Well Mr. Singhal I think we had a strong Q1 and once again I would like to bring it to the forefront that we have a strong Q1 compared to our competitors I think because of the fantastic culture of the Max Group wherein we had all our employees supporting us to work in the most challenging of times and we take a lot of pride in that and I think that loyalty of the people is a very strong power for us when we say business is all about people we actually lived through that in the first quarter. With a strong Q1 I think Q2 is also strong would it be stronger than Q1 how much it is a matter of time, it has started well. On the question on margins, I would say that on the logical front, in terms of the demand and supply, in terms of the raw material, in terms of the product mix we do not see a reason why even the commodity side or on the pricing side we should have a negative impact. With that said of course industry takes its own stance, I would not call it simplicity but decision making of the independent competitors. Our endeavor remains to continue with passing dates to increase our speciality and be able to come on the higher margins that those then we feel quite strong about it and we feel quite confident about it.

Chirag Singhal: Okay understood is it possible to give spreads, like rupees per kg if can give just to understand the trend of the industry what was it in Q1 FY2021 and Q4 FY2020? Gross margin?

Ramneek Jain: Nitin you want to give some inputs on the overall margin percentages?

Chirag Singhal: Percentages or maybe if you can give in absolute terms?

Nitin Kansal: So Chirag we can provide you the numbers EBIT margins. As I mentioned, EBIT margins have increased from 9.3% to 15.9% sequentially and have increased from around 6% to around 16% over a period of last one year.

Chirag Singhal: Okay fine. One more last question how many BOPP lines according to you will be on stream in the next 12 months just to understand the demand and supply parity of the industry?

Ramneek Jain: In my understanding in the next 12 months we should see about two to two-and-a-half lines come on board when I say and-a-half it means ramp up period etc. That is what we see as right now but again I would like to also add that as we have taken a value strategy, me and my team are working strong and we foresee that EBIT should become much more immune or less impacted with the demand and supply on the commodity side. So that is what our journey is and while they will always be remaining a very strong demand for the commodity and thereby the supply implications of it and the traction to the market we have chosen to go to value strategy way and our competition to ourselves or challenge to ourselves is to increase in that side where you may be selling lesser volumes relatively but we should be able to compete and meet our goals for the stakeholders.

Chirag Singhal: Alright that is it from my side. Thank you so much for your detailed explanation.

Moderator: Thank you Sir. We have next question from the line of Ankit Agarwal from Ark Capital. Please go ahead.

Ankit Agarwal: Thanks for the opportunity. I have a couple of questions from the real estate business. So sir first question is in the current situation and environment do you expect the office rentals to go down as the new demand may reduce?

Rishi Raj: I will take that, as far as office rental is concerned it is very difficult for us to comment on this at this point of time as the real impact of crisis is only be felt in due course. Having said that in our view the rentals for old strata sold building maybe impacted, however and this we are seeing playing out on the ground. For the Grade A plus building by credible developers, rental is holding on across NCR and we would like to point out that this is also evident in the last lease that we signed as we had updated last time during COVID which we signed at a rental more than what our weighted average rental for Max Towers is and we are confident as far as our Max Tower asset and Max House asset is concerned, we will able to preserve those rentals, especially given the demand for people who want to relocate from high cost expensive, strata sold in central business district for a better managed, better quality and the emphasis on health and safety and wellness so that is how we look at it.

Ankit Agarwal: Okay that is pretty positive. Sir one more question is on the Max House so when do you expect the phase 1 to be fully leased and what is the expected rental income?

Rishi Raj: On the part 1 in terms of getting fully leased - by first quarter of next fiscal year is our target ; on the expected rental I will pass it on to Nitin.

Nitin Kansal: So we are expecting rentals in the range of about 15 to 18 Crores to come once Max House is fully leased out.

Ankit Agarwal: Okay fine. I have one last question it is on your investments in Nykaa. What is the current status of that and restaurant chain?

Nitin Kansal: So Ankit what is happening we have got around half a percent holding in Nykaa. The Nykaa did a last round of funding in the month of April where they raised capital at a valuation of 1.2 Bn dollars and we are currently still holding with their investments and the second investment is in a company called Azure Hospitality. Although they had some challenges with regards to the COVID lockdown and the industry is going through a lot of upheaval, but the business had started in a limited fashion with the gradual opening after lockdown.

Ankit Agarwal: Okay fine that answers all my questions. Best of luck.

Moderator: Thank you Sir. We have next question from the line of Shivam Jhunjhunwala from Lucky Investment Managers. Please go ahead.

Shivam Jhunjhunwala: Just had one question regarding Max Towers rental so this quarter we have done approximately 44 million in rentals with 140000 square feet lease while the previous quarter we had about 66 million we mentioned that we had more than 50% of Max Towers is leased so I would just like to know what change there and what can be a sustainable number looking forward?

Nitin Kansal: Just to answer that specifically when we said 50% it is from the 50% of what we own, we own around 2,92,000 of which you have been we have been able to lease out close to 1,40,000 square feet of leasable area and in the current quarter. We have a tenant called IEX which signed up in the phase of the lockdown. As you know in the first phase of the lockdown we had certain cases where the people get certain rent free set of periods for which the revenue is not accounted from the books of accounts. Going forward, we can expect as you mentioned average rentals of Rs.100, we can expect a rental of close to 1.3 to 1.4 Crores coming to us on a monthly basis on the leases which you have signed currently.

Shivam Jhunjhunwala: How do we have 66 million coming in the first couple of quarters then?

Nitin Kansal: The 66 million which came in the?

Shivam Jhunjhunwala: In Q4 of FY2020.

Nitin Kansal: It also had the revenue which we have booked on account of the fit out which we have done in certain places. As we mentioned, we have done certain fit out spaces for certain people in a building for which the revenue 2 Crores is accounted for in the last quarter.

Shivam Jhunjhunwala: Okay that answers my question, thank you.

Moderator: Thank you Sir. We have next question from the line of Gautam D, an investor. Please go ahead.

Gautam D: So we have group company under senior living which is undertaking a project in NCR in asset light model in a joint venture with our developer so when I see the track record of the developer it is quite good in commercial, but residentially there has been lot of quality issues, incomplete projects and nonrefund of client money and also they are facing some litigation for 11 years with some PE investor where they have not refunded the money. So I just wanted to understand if both the Max entities are leveraging the same brand and in the same region what implications this will have on our company in medium to long term and how do we plan to mitigate them and particularly given that residential is a quite sensitive space from a regulatory and media perspective and so I am assuming senior living would be much more sensitive?

Sahil Vachani: Actually there is going to be no impact so I will explain to you why, primarily because Antara firstly is not part of Max Ventures, it is part of another listed entity called Max India but the joint development agreement that they have done is only on the land owned by the land owner and there is no development or any responsibility that the landowner has. The entire ownership of development, execution of the project is by Antara so there is no risk of any of the developer's past issues passing on to Antara. Second going forward Antara has already developed one development in Dehradun and also this is their second project. They are extremely well positioned to provide services especially in the current times where health, safety and hygiene are particularly more important and also overall wellbeing is considered a paramount importance. So in fact we believe there is a positive rub off on the Max brand and impact rather than any negative rub off or any impact given that there is complete financial closure for the project that Antara is developing without any dependence on the land owner and this is not a unique model and this is done by most developers including Godrej amongst many others in various markets which is an asset light approach having said that will not comment much because it is not part of the Max Ventures business.

Gautam D: Okay one question ahead on Max Estates so we are preferring stand alone buildings what my understanding is which are opportunistic purchases in leasing corridors so these are not city center buildings and they are not IT parks or corporate parks, there has been a lot of common space which can be used and lot of walking space most of the offering is within the building so we are not going for large buildings with large floor plate and which has a lot of inside common area and these are not marquee buildings like Indian Express Stars or a lot of buildings in Manhattan. So my question you are putting in this concrete which has a life of 100 years and you are taking it all on your books so just wanted to understand how do you feel its panning out?

Rishi Raj: I think the best way to answer that question is in two folds. Number one if you look at our latest development which is Max House, Max House will be a part of campus and within that campus we very consciously will also be building provisions for amenities as needed by client. Number two if you look at Max Square, again Max Square the way we are designing this 700,000 square feet unlike of what you are seeing in that particular micromarket will have all the elements of wellness, F&B, for example food court and other amenities to take care of the needs of the occupiers. The third if you look at Delhi 1, Delhi 1 that we have bid for and hopefully we will be able to have that in our portfolio by the end of this fiscal year, it is a 3 million square feet including Max towers will be almost 3.6 million square feet again an integrated use campus which as a combination of high street retails commercial office and some service departments. So our strategy is not to go for IT park that is not what is leading our strategy, what is leading our strategy is in NCR we first select what is the right micromarket to be in and in that particular micromarket what we do is we very seriously understand the issues and the pain points and in that particular building when we provide for right amenities to address that particular need and of course all of this should make commercial sense for our investors. So it is more market backed and customer backed strategy rather than product led strategy that we should do a large IT park kind of a campus and then figure out how do we accommodate customers in that particular product so hopefully that answers this.

Gautam D: Sir we have built fair amount of shared assets for Max Towers which was pending so are they monetizable or is there an income that flows to us from these assets I mean the parking spaces and other stuff?

Rishi Raj: Will request Rohit to take that up in terms of services to the campus.

Rohit Rajput: We have got a fair amount of shared spaces and as occupancy is rising in Max Towers we had been monetizing these on a gradual basis. I think once we have reached 100% occupancy we will be able to realize the full benefits of all the shared spaced, whether it is the space that is used for conferences or parking or any other amenities that are getting created those revenues will start accruing to us in the new future.

Gautam D: One book keeping question I had when you see the Q3 2020 conference transcript, I see that the area leased out by us was 156000 and 158000 was sold, but leasing rights with us and this quarter I am seeing number of 140000 and 130000 so just wanted to understand like what has caused this, it is a very insignificant migration but generally we have a billing locking are there some penalties levied on these clients or it is some other reason why these clients have moved out?

Nitin Kansal: So if I an answer that in terms of the space which we have leased out for which we have the leasing rights one of the tenants might be evaluating the way forward and this is what we know that is the reason we have as of now reduced that number from the leasing which we have shown.

Gautam D: Okay. That helps, that answers all my questions.

Moderator: Thank you Sir. We have next question from the line of Priyanka Singh from Atidhan Securities. Please go ahead.

Priyanka Singh: Good afternoon Sir. I had two questions. The first one is what is the company's cost of debt?

Nitin Kansal: The cost of debt is sub 10% as we speak for our projects in the real estate business.

Priyanka Singh: Your packaging film business performance has been great so what are the factors behind it?

Ramneek Jain: So overall generally as I said in earlier comments Priyanka packaging food the demand has improved because for the hygiene factor, expectations and some portion of the demand shifting from those unorganized segment to more branded FMCG segment, that is also an area which is our focus area and our core area so we see a good healthy demand. The FMCGs are also stocking up to take care of any fluctuations in the supply chain that may come, so that is also keeping the demand high. The third point is that our speciality journey, our value strategy, where we remain strong in terms of our relation and specific value add we provide to the customers and those segments are remaining healthy especially with the organized sectors which is continuing their efforts on recyclability and so some of our value strategy is for the performance requirement for the antimicrobial, antiviral the other is on the side of the recyclability so all those put together is actually helping us a lot on speciality journey and as said it has gestation period so some of the work that we did last year is taking shape now and additionally we should be able to get to a point where market fluctuations should be lesser and lesser reduced impact to us because the products remain strong enough to add the specific value to the customer. So pricing is good, demand supply remains healthy, speciality needs in terms of the food packages increasing and our value products will continue to take a stronger traction into our customer base.

Priyanka Singh: That was quite helpful. Thank you Sir.

Moderator: Thank you Sir. We have next question from the line of Vikas Atri, a retail investor. Please go ahead.

Vikas Atri: I would like to know the future pipeline, we have Delhi 1 where we have some clarity and the management had said that they will also be focusing on Gurgaon is there any update on the Gurgaon site?

Sahil Vachani: Thank you Vikas. Sahil here I would request Rishi to answer that for you.

Rishi Raj: So in terms of our pipeline while you are aware of second phase of Max House which is 0.1 and Max Square which is 0.7 million square feet beyond that we have 4 to 5 million square feet in pipeline including Delhi 1 and as we speak, to specifically answer your question, we are evaluating couple of very good opportunities in Gurgaon and the current environment hopefully will help us get that at a very good price. So once more progress happens on that particular deal, we will come back and update you, but discussions are on.

Vikas Atri: Second question I had was that in Delhi 1 complex how much will be the commercial leasable area?

Rishi Raj: So look in Delhi 1 as we said, currently our plan is with NCLT and we hope that should get cleared by the end of this fiscal year so we would not like to comment much on Delhi 1 other than what I have already said and mentioned. Overall this will be a 3 million square feet and of that almost 70% will be commercial.

Vikas Atri: Sir regarding Max House, Okhla there is a slight confusion that I have is the second phase 1 lakh square feet or 1.7 lakh square feet leasable area?

Rishi Raj: The leasable area for second phase is exactly same as the first phase it will be replica of phase 1 with 105000 square feet will be the leasable area.

Vikas Atri: Okay and my last question is Arjunjit Singh is not present I think or has he left the company?

Rishi Raj: Yes, so Arjun has decided to move on to pursue his own family business.

Vikas Atri: Okay. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen due to time constraint that was the last question. I would now like to hand the conference over to Mr. Nitin Kansal for closing comments. Over to you Sir!

Nitin Kansal: Thanks Vikram. I hope we have been able to answer most of your query. We look forward to your participation in the coming investor calls. For any further queries you may reach out to SGA our investment relations advisor. Thank you. Be safe.

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