

April 23, 2020

Listing Department  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001

Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East)  
Mumbai - 400051

**Scrip Code: 539940**

**Name of Scrip: MAXVIL**

**Sub.: Investor Release**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Investor Release dated April 23, 2020.

This is for your information and records.

Thanking you,  
Yours faithfully,  
For **Max Ventures and Industries Limited**



**Saket Gupta**  
**Company Secretary and Compliance Officer**

## MaxVIL Business Update - Investor Release

**23rd April 2020, New Delhi:**

Max Ventures & Industries Limited (MaxVIL), a part of India's leading multi-business conglomerate, Max Group, operates across two core businesses of Real Estate in NCR and Specialty Packaging Films.

MaxVIL has implemented its business continuity plans across its businesses and continues to ensure complete support to our stakeholders and work force including continued sanitization measures across facilities and offices, under construction sites etc.

The spread of the Covid-19 is having significant implications for businesses and economy at large. We continue to assess the situation closely and regularly discuss the emerging scenario and implications with other industry participants, economic experts, regulators and our customer base.

The opinion currently emerging is that within the real estate industry, in the mid to long term, commercial real estate would bear limited impact and within the segment, the Grade A+ spaces will be least impacted since the occupiers are large corporates with relatively more resilience to withstand economic shocks. In addition to protect the health and safety of their employees most of these occupiers would prefer Grade A developments. The demand will however be muted in the first two quarters of FY2021 and would start normalizing from thereon. We also expect some highly leveraged office space developers to slow down their ongoing and fresh projects or resort to strata sale to ease liquidity which will help maintain the demand-supply equilibrium in the Grade A+ built to lease office space. This can also provide an opportunity for Max Estates to emerge as the top three commercial real estate developers in Delhi NCR.

Our specialty packaging business will bear a very limited to no impact in the immediate and near term since it supplies to food packaging and FMCG primarily which are witnessing stable demand.

A more detailed business outlook of current operations of MaxVIL is provided below: -

### **Max Estates Limited (MEL)**

- **Max Towers** houses a marquee tenant list of financially strong Indian & multinational companies. We do not expect any significant lease payment delay from the tenants at this point of time. However, if the lockdown persists for longer durations, we will consider discussions with tenants in the fit out stage on lease adjustments on mutually agreeable terms as well as with food and beverage operators, whose revenues have plummeted.
- We have also equipped the building complex with both equipment and service protocols to facilitate rapid resumption of work while ensuring safety and hygiene.
- We had seen a strong pick up in lease at **Max Towers** until mid of March when lockdown was announced. Fresh leasing discussions are not being initiated but we are in regular discussion with prospective clients which we were already in dialogue with, and providing them with innovative options to facilitate faster decision making. These include offers such as a pre-fitted office space offering to minimize their upfront investment. We are also beginning to pilot digital marketing initiatives to augment the lead pipeline.
- Due to lockdown, the construction work at our project - **Max House Okhla Phase 1** has halted till the lockdown is lifted. The project was in the final stages of completion and was scheduled to be launched for leasing in Q1FY21. We now expect a minor delay in completion of the project to early Q2FY21 subject to Government directives on resumption on construction. We are developing product and pricing innovations for this project as well.

- Our upcoming commercial projects – **Max House Okhla Phase 2** & **Max Square** in Noida were expected to commence construction in Q1FY21. We hope to start the construction of the projects in early Q2FY21. We do not expect a major delay in the eventual completion timelines of the project at this point of time since we can accelerate the construction during the development stage.

### **Quality Developers will flourish**

- This pandemic will further play to the advantage of quality developers with proven execution and access to capital.
- Max Group, with a rich history of partnerships with reputed global & domestic investors; proven execution with turning around a distressed project to Grade A+ commercial project within stipulated timelines will benefit us.
- With a competent management team, proven execution capabilities, adequate access to capital, and innovative and flexible product offering, we aim to utilize the current disruption to become among the top 3 commercial real estate developers in the NCR region in the near future.

### **Outlook on Commercial Leasing**

- The exact impact of Covid-19 pandemic on commercial office space is difficult to assess in the short to medium term. However we believe the office space segment will remain an integral part of the work culture with companies adopting business continuity process in the case of disruption. In the short term, we believe, the new leasing in office space may move slowly but eventually, expect the leasing activity to increase as the economic activity picks up.
- Noida as a micro market is the next commercial hub in NCR and is devoid of quality office space. Noida as a location is now the preferred choice for many companies as it offers high quality commercial office space experience, minutes away from Delhi and at relatively competitive and attractive rentals.
- We expect many companies to re-locate to Noida location post Covid-19 not only for a better office experience but to also for saving on rental expenses with zero compromise on quality and experience. A similar value-optimization based relocation from Central Business District opportunity exists for our central placed and well connected **Max House, Okhla** project.
- All our projects are Grade A+ office project located in the NCR area, where there is supply constraint of contemporary, high quality Build to Lease office spaces. We believe our new-age office spaces will attract the tenants much faster as compared to the office space supply present in the vicinity.
- In addition, current situation will significantly delay many of the proposed supply especially by developers with already stretched balance sheet.

### **Max Speciality Films Limited (MSFL)**

- MSFL, our packaging films business predominantly caters to the FMCG companies which are classified as essential services and hence, continues to be least affected due to the lockdown. Our manufacturing plants continue to run at optimum capacity utilization supplying products to FMCG companies.
- We are witnessing a stable demand, with healthy contribution margin, from food packaging and larger domestic FMCG companies, which has substituted exports. This, coupled with stable prices and softening raw material price, will allow us to maintain healthy profitability for the business.
- We do foresee certain demand softness in the coming year due to the pandemic, but we believe packaging films being a non-discretionary spending, the business will see a faster recovery.

### **Comfortable Liquidity Position**

- Gross Debt in our Packaging Films & Real Estate Business stood at Rs.433 crores and Rs. 101 crore respectively.
- Our Packaging Films business continues to operate and cash flows from the business are sufficient to service the debt of that business.
- We have sufficient liquidity to service the debt of Real Estate business and at the same time also complete the Max House Okhla project which is at an advance stage of completion.
- In March 2020, we received funding from New York Life (NYL) for our new commercial project – Max Square at Noida where the former has already invested Rs. 686.2 mn out of the total commitment of Rs. 857 mn and holds 49% equity stake with balance stake held by Max Estates. This helps Max Estates to be asset light and at the same time expand our portfolio of offerings. We are confident that this co-funding arrangement will be extended to more projects in the future.
- In addition, we have undertaken rigorous assessment of operational liquidity in different business scenarios and planned the potential measures to ensure sufficient liquidity in the coming year such as additional cost savings, deferral of discretionary expenses, expediting collections, while ensuring that spend on ‘good costs’ imperative for business recovery is not compromised.
- In our Investments vertical, our investee company FSN E-Commerce Ventures Private Ltd. which runs the popular Brand Nykaa recently raised a fresh round of funding valuing the company at ~USD1.2bn. Max I, our Investment arm holds 0.41% equity stake in FSN E-Commerce Ventures Private Ltd.

### **About Max Ventures & Industries Limited (MaxVIL):**

#### **MaxVIL**

Max Ventures & Industries Limited (MaxVIL), a part of the leading Indian multi-business conglomerate Max Group, owns and operates a real estate business through its 100% subsidiary, Max Estates, and a packaging films business through Max Speciality Films, a 51:49 strategic partnership with Toppan, Japan. MaxVIL is listed on NSE and BSE.

#### **Max Estates Limited**

Established in 2016, Max Estates Limited is the real estate arm of the Max Group and a wholly owned subsidiary of MaxVIL. Its vision is to bring the Group’s values of Excellence, Credibility and Sevabhav to the Indian real estate sector. Its marquee projects include a one-of-its-kind commercial office space Max Towers, on the edge of South Delhi that opened its doors in 2019. It aims to create, build and operate Grade A+ office spaces in Delhi-NCR.

#### **Max Speciality Films Limited**

Max Speciality Films, a subsidiary of MaxVIL, is an innovation leader in the Specialty Packaging Films business. It has a strategic partnership with Japan’s Toppan Printing Co. Ltd., a leading global printing company. Max Speciality Films is among the leading manufacturers of Biaxially Oriented Polypropylene (BOPP) films including specialty packaging, labels, coating and thermal lamination films for the India and overseas markets, with a total capacity of 80.50 Kilo Tonnes Per Annum (KTPA).

## Max I. Limited

Max I. Limited is MaxVIL's wholly owned subsidiary, which facilitates Intellectual & Financial Capital to promising and proven early-stage organisations across identified sunrise sectors. Max I.'s future focus will be on proptech start-ups. It has recently launched a proptech accelerator called 'Maxcelerator'.

**Max Asset Services Limited**, a wholly owned subsidiary of MaxVIL that provides value added facility management to current and future Max Estates projects and builds and operates managed office spaces.

## **For further details, please contact:**

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### Investor Relations Partner

**SGA** Strategic Growth Advisors

*Strategic Growth Advisors Pvt. Ltd.*

*CIN: U74140MH2010PTC204285*

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