August 31, 2018

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 021

Scrip Code: 539940

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

Scrip Code: MAXVIL

Sub.: Transcript of the Earning Conference Call held on August 21, 2018

Dear Sir/Madam,

Please find enclosed the transcript of the Earning Conference Call conducted by the Company on August 21, 2018.

This is for your information and record

For Max Ventures and Industries Limited

R. Gopalakrishnan

Gopalakrishnan Ramachandran
Company Secretary & Compliance Officer

Encl. As above.

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"Max Ventures and Industries Limited Q1 FY19 Earnings Conference Call"

August 21, 2018

MANAGEMENT: **MR. SAHIL VACHANI -- MANAGING DIRECTOR AND CEO, MAX VENTURES AND INDUSTRIES**
MR. NITIN KANSAL – CHIEF FINANCIAL OFFICER, MAX VENTURES AND INDUSTRIES
MR. RAMNEEK JAIN – CHIEF EXECUTIVE OFFICER, MAX SPECIALITY FILMS
MR. ARJUNJIT SINGH – CHIEF OPERATING OFFICER, MAX ESTATES
MR. ASHISH SINGLA –HEAD, MAX I
MR. ROHIT RAJPUT –HEAD, HUMAN CAPITAL AND STRATEGY, MAX VENTURES AND INDUSTRIES

Moderator: Ladies and gentlemen, good day and welcome to the Max Ventures and Industries Limited Q1 FY'19 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 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 '*' then 'o' on your touchtone phone. Please note that this conference is being recorded. I now hand the call to Mr. Sahil Vachani -- the Managing Director and CEO. Thank you and over to you sir.

Sahil Vachani: Good afternoon and good evening, ladies and gentlemen. I like to thank you all for being part of Max Ventures and Industries first Earnings Call. My name is Sahil Vachani and I am the CEO and Managing Director for this company.

Before proceeding with the performance highlights, I would like to introduce my colleagues who are with me on this call. I have Nitin Kansal -- CFO of Max Ventures and Industries; Ramneek Jain – CEO of Max Speciality Films; Arjunjit Singh -- COO of Max Estates; Ashish Singla – who heads our Max I, which is our investment vertical and Rohit Rajput – who heads Human Capital and Strategy for Max Ventures and Industries.

Given its our first earnings call, I would like to take you through our short but eventful journey so far. Many of you would remember that Max Ventures & Industries was founded in 2016 as a result of the demerger of the erstwhile Max India. Max Ventures was formed with just Max Speciality Films as its subsidiary. In the same year we came up with the concept of exploring wider opportunities in the world of business for the Max Group and we decided that we would do this with Max Ventures. In early 2017, we decided to enter the real estate space, primarily because we believe that there is a significant lack of trust and credibility in this space particularly in the NCR market in India. This coupled with the strength and the brand of Max brought to the table, we believe we will make a very compelling proposition to consumers and to our stakeholders. More so over the past many years, as a group we have had experience in all activities of real estate and have since brought the entire teams within the various functions together to form Max Estates.

In 2017 itself, we brought in New York Life as a private equity investor in Max Ventures and Industries; they hold 23% equity participation.

In the same year, our Packaging Films business decided to embark on a significant expansion aligned to our aspiration of becoming speciality films company and also brought in Toppan Printing Company from Japan, that is a technology leader and global converter for 49% equity in Max Speciality Films.

Max Estates started 2017 with its first residential project in Dehradun, known as "222 Rajpur" which was a boutique development of 21 villas. In the same year, we undertook development of project known as Max Towers in the Delhi-1 campus, for those of you familiar with the geography of Delhi, it is strategically located on the Delhi-Noida Expressway. In the same year we also incubated Max I and made some investments in two companies which is Nykaa and Azure. As we got into 2018, we decided to consolidate our growth aspirations in real estate and have not only completed and handed over our first development which is 222 Rajpur but also are chugging along very quickly in terms of completion of our first office project called Max Towers in Delhi-1. We have also started development on our second office space development in Delhi in Okhla, which was the erstwhile Max House. We are now looking at an interesting cusp where this year we are looking at newer opportunities in the space of real estate, particularly to grow in the office space segment. 2018 is also very important year and particularly the last quarter for Max Specialty Films because the investment that we had commissioned a year and a half ago, came into play and our capacity came onstream, thus almost doubling our capacity and taking it upto approx. 80,000 tons per annum.

While I take you through the highlights of the first quarter:

I just like to state that we are still in start-up mode as an organization, we are very young, start-up within the umbrella of the Max Group. Developments particularly of the last quarter, we had rights issue for Rs.449.89 crores, delighted to share that that has been fully subscribed and sponsor shareholding has increased from 38% to 47%. These funds will primarily be used to grow particularly in the office real estate space. Our marquee investor New York Life has kept their equity at the same levels and contributed to the rights issue as well. In addition, we have had other marquee investors, also join in as part of the shareholding structure of Max Ventures and Industries Limited post the rights issue.

Some highlights of the quarter:

Max Speciality Films: The new capacity is on stream and we have been able to be successful in selling all the quantities. This is significant because our quantity increase was almost doubling our capacity and the ability to sell that capacity in a market that is quite challenged with a lot of capacity that came onstream is a great achievement for the team. The pricing of our products is still under pressure due to the bunching of capacities of various competitors that have happened in a similar period of time. We are now looking forward to driving a better product mix towards specialties and we believe that there are significant opportunities particularly for our company, Max Speciality Films that arise post the ban on plastics that some states are talking about. We call these opportunities particularly from recyclability. Those were the highlights for Max Speciality Films.

Just to cover some brief highlights for Max Estates:

Our team has displayed tremendous capabilities around project execution particularly for our first project in Dehradun which has delivered in time and in cost and also having sold 50% of the inventory already. For our office space development- Max Towers, the team has again shown tremendous capability in being able to carve this out from the Noida authority from the developer that was originally developing it and could not deliver it, to get a direct lease from the Noida authority and construction is on schedule, more so the first anchor lease has also been signed with a large co-working company in Max Towers. Also, the growth of this business with our new project, Okhla breaking ground is a tremendous milestone for us. Our focus on Max Estates will be to focus on the office space segment and within that grade-A developments. We are looking to add value through curating experiences for people who are in these offices and using office space as a service model, looking at growth opportunities.

I will now hand over to my colleague, Ramneek Jain, who is the CEO of Max Speciality Films to take through details for our packaging business and then to Arjunjit Singh who is the chief operating officer of our real estate business, Max Estates to take us through some details there and I will be happy to take questions at the end. Thank you.

Ramneek Jain: Good afternoon and good evening, friends. My name is Ramneek Jain from Max Speciality Films. As Sahil introduced, we are in an exciting phase of our time. We had our new line come onboard, the new line-5 and with that, the capacity has been augmented from 40,000 to about 80,000 tons p.a. Overall industry is remaining tough but this is where Max Speciality Films team has been able to hold on and sell the increased capacity to the market. The product mix has been a dynamic approach that we have been taking along with cost break-throughs and kaizens to support our bottom line.

In terms of our overall financials for Q1, we have been able to hold on to the last year Q1 despite the tough market. The full impact of Line-5 which came on board in the middle of the first quarter will show more promising contribution towards the Q2 overall. Just a little bit more about the Line-5:

We doubled the volume as I said, it is an 8.7-meter-wide five layer BOPP line, it has been largely designed for thicker films touching close to about 80 microns which is also a unique feature of the line. Most excited about sharing the machine and method innovation that we have brought into this line with regards to the in-line coating feature which is the first of its kind in the world in BOPP segment. This is really exciting because we put forward our approach to bring in this new machine feature as well as the method feature and we have very successfully been able to deploy this. This brings in enhanced process capabilities, process efficiency and also cost improvements and thereby putting us in a unique position to offer this value proposition to our customers. It times very well with regards to the recyclability requirements coming along in the market, it helps us to offer monolayer structure, high barrier films, also print receptive films and as I mentioned thick films being one of the requirements coming in with the plastic regulations coming in the country. It is also enabling us to get into the label market whether it is a pressure sensitive label, in-mould label or wrap round. It is operational, it has ramped up well, so all in all strong launch of this Line-5 with more promises in the coming quarter.

Also, with this, we have already several patents which are in the process in various stages of filing and some more to protect our intellectual property.

Overall, as I said, innovation is a strong hallmark of our approach. Happy to share that we have successfully conducted our trials of BOPE, that is bi-axially oriented polyethelene in our plant which is again a first for the industry in India. This again is a game changer for recyclability which it imposes for us to replace polypropylene, polyester laminate and thereby reduce three layer structure to two layer homogenous structure, again much desired feature in the market and we should be propagating this more in times to come.

Also, our high barrier metalized film can replace aluminum foil and that is again a strong movement in the recyclability approach and this has also been commercialized with some key preferred customers.

Overall quality remains to be our strong hold and happy to again share that we are the only ones in the BOPP space in India with a quality lab which is NABL-accredited and we share it also with our supply chain partners to work on testing and building quality standards.

Overall recyclability, we are working in a multi-pronged approach and want to be there with our customers at this time, offering on the products side as well as on the waste to energy side. As I said, we have products which can replace aluminum foil which can go into a monolayer structure and also offer layer reductions to enhance recyclability portion.

Overall plastic ban as I said, enhances our opportunity to add more value and bring overall solutions to our brands and our converters. So, over-all we are poised for Line-5 maturing in the coming quarter as well as offering more speciality products to our customers and supporting them in their endeavour for recyclability.

With that, I hand it over to Arjunjit Singh.

Arjunjit Singh: Thanks, Ramneek. Thank you, everyone for joining the call. My name is Arjunjit Singh, I am the COO of Max Estates. As Sahil mentioned, we have already completed our first project which is 222 Rajpur which was in the residential space. This was the first of its kind, 5-acre gated community where we delivered 22 individual villas. This has been quite positive for us given that we were able to execute the entire project within two years and within budget. Further even though the residential luxury home segment has been under some pressure, we have been able to sell 50% of the inventory thus far and positive response from the market for the product and of course families have already moved in and are living there.

Our focus now is on the office space segment with two large developments – Max Towers and Max House Okhla. Max Towers is a 6 lakh square feet development on the edge of South Delhi. Locationally, I don't we could do any better, it is within the mixed use campus of Delhi-I and is located right on the DND, half a kilometer away from the Sector-16 metro station and it has excellent access to the heart of New Delhi, thanks to all the various flyovers that have been built as well as of course the DND. Max Towers is slated to be our marquee asset and certainly amongst the most iconic development in the NCR. Max Towers will be delivered this fiscal year. We have already signed up, as Sahil mentioned, one of the largest international co-working players as a prelease for approximately 50,000 square feet. We feel that this has enormous advantages for us especially to drive traffic as well as to support our larger objective of this concept which we are pioneering at Max Estates called "WorkWell" More on the "WorkWell" initiative can be found on our website, but it is a concept that will enable significant differentiation of our products now and going forward. Max Towers is itself is a LEED Platinum, state-of-the-art building with a distinct amenities and F&B core.

I think what is also worth noting here is, as I mentioned earlier, this asset is located within the Delhi-1 campus. The Delhi-1 campus was being developed by the 3C group; however, they were unable to complete this project and there was a serious concern that the asset would be stuck on account of their inability to meet the various liabilities that the 3C group has towards its lenders and the regulators. But we were able to develop a very unique expertise in the ability to work with 3C group, with the Regulators and the Lenders to actually carve out the Max Towers asset from the rest of the project and thereby secure a sub-lease directly from the Noida Authority. This has resulted in several advantages, including that we are insulated completely from any obligations or cross- liabilities of the balance Delhi-1 project, and the ability to treat Max Towers as a separate entity and thus have direct approvals in the name of Max Towers. So, as a result, we have received all the permissions due so far from the various regulatory bodies pertaining to Max Towers, be it the Building Plan approvals or the Electrical Connections, and we have also applied for the Occupancy Certificate which we will aim to receive soon.

On the Max House Okhla, is our other office development aimed at the Delhi market. We have just broken ground on this development, which is located in Phase-3 of Okhla and the location again is outstanding. The building is also being designed to be amongst the most distinct office space developments in NCR.

So, in summary, 222 Rajpur, we will continue to focus on the sales of existing inventory, on Max Towers, we have the final month of execution left to bring the assets to the market. On the leasing side, we are happy with the current prelease to our co-working partners and we intend to ramp up the effort post-completion of the building to generate maximum value. On Max House Okhla as I mentioned, we have just started the process of execution, so that will continue to be our area of focus.

As Sahil mentioned, we are still in start-up mode here in MVIL but our focus is now squarely on the office space segment, where we are developing a lot of specialization to address what we feel are the gaps in the market. Our intention will be to continue to explore more opportunities in the office space. But let me conclude here and hand it over for any questions that you may have. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Punit Gulati from HSBC. Please go ahead.

Punit Gulati: Just if you can give some more details on Max Towers and Max House. Is my understanding correct, that about 50,000 sq.ft. has been leased out in Max Towers?

Sahil Vachani: That is right.

Punit Gulati: When is it scheduled for completion?

Sahil Vachani: Max Towers is scheduled for completion by December 2018.

Punit Gulati: What is your expectation of rentals from here?

Sahil Vachani: Our first lease has happened at Rs.95 per square feet and we are hoping that we want to lease out the residual of the building after we complete the building so that people can see the product that we have created, and we are hopeful for triple digits at the very least or more.

Punit Gulati: Is it a fixed rental model or is it a percentage of revenue kind of model here?

Sahil Vachani: It is a fixed rental model.

Punit Gulati: How big is Max House?

Sahil Vachani: In total the entire development of all the blocks in Max House will be close to 300,000 square feet

Punit Gulati: When is that likely to be completed?

Arjunjit Singh: As I mentioned, we have just started on the first block of Max House which is about 1 lakh square feet. Given that we have just started it, it is difficult to commit but I would say about 26-30-months.

Punit Gulati: Are approvals fairly easy to get in this part of Delhi?

Sahil Vachani: We have already got approvals for Max House Okhla and we have already commenced construction. So, our approval is for an increased FSI of 2.25. So, that is how we are starting construction only after approval.

Punit Gulati: So, basically the total leasable area would be 3 plus more or will it be just 3 lakhs?

Arjunjit Singh: It would be 3 lakhs in total once entire development is done.

Punit Gulati: Including the extra FSI for which you have applied?

Arjunjit Singh: Extra FSI has already been granted to us on the first phase which we have applied for and that is the one which we are starting, so we call it Block-A of Max House Okhla. So, we have already received that, 3 lakhs, which is the increased FSI

Punit Gulati: Have you paid for this extra FSI or you still have to pay?

Sahil Vachani: We already paid for the extra FSI for 100,000 of the square feet, for the residual 200,000 of square feet we have not paid for the FSI, we will pay for that as we get closer to the building plan approval.

Punit Gulati: Is there any estimation of how much cost will be there for this?

Sahil Vachani: At this stage, it will be difficult for us to share the cost of that.

Moderator: Thank you. We will take the next question from the line of Gautam Gupta from NRC. Please go ahead.

Gautam Gupta: Just wanted to check on the Max Speciality Films side, the partnership that we have with Toppan, what kind of strategic and technology value add that is going, maybe if you could give us some examples?

Ramneek Jain: Toppan brings in our ability to reach out to the global markets. Toppan is a global company, it is selling in all parts of the world especially in Japan for a very long time. So, it gives us better understanding of the global market and a reach through their own sales force as well as their knowledge and relationships in the industry. Also, it is helping us from the technology side, especially on the high value, high barrier transparent films, they are the leaders globally and that is in line with our effort to also position our specialty products more and more. So, we are already working with them on offering some of their products at global level and to our Indian customer base as well as working with them on the development side as well. So, wealth of knowledge and experience and strong win-win combination to both sides.

Gautam Gupta: Just a follow up on that if I may. So, in terms of the capture sales, Toppan is a very big customer for us, BOPP as in they are the largest?

Ramneek Jain: Toppan is a customer of BOPP and we are working closely with them on this area.

Gautam Gupta: Would you be able to share how much of your sales would be to Toppan, any ballpark that you could give us?

Ramneek Jain: I think we would refrain at this point, it is an internal…

Gautam Gupta: This is more global. On the capital deployment plan, you have just raised Rs.450 crores in the rights issue. So, what are the plans to develop that and over the next three years how much would be the allocation towards corporate venturing?

Sahil Vachani: I will pass on to Nitin Kansal, who is our CFO to take that.

Nitin Kansal: Currently, what we raised is close to Rs.450 crores through the Rights Issue process and the plan is to deploy Rs.350 crores towards real estate primarily going towards our Max Towers project at Noida and the Rs.100 crores has been kept as general corporate use purpose. The money which we have raised through the real estate is expected to be deployed in the period of next six months to one year.

Gautam Gupta: Do we have any target in terms of corporate venturing, roughly what is the capital allocation to that part of the business, the Nykaa and the Azure kind of transaction?

Nitin Kansal: Currently we have made two investments, in a hospitality company -Azure hospitality running chain of restaurants under the Brand name Mamagoto and Dhaba and another investment in an E-Commerce company called FSN E-Commerce operating under the Brand Name Nykaa.com. Currently, what we are exploring are opportunities in businesses which have adjacencies to our current business line. As of now we have not allocated any capital to invest in corporate ventures, this is basis the opportunity which come our way.

Gautam Gupta: This is on the real estate side. We mentioned that we have an asset light approach. So, could we elaborate, are we talking about JDAs, are we talking about captive land bank of the Max Group that we will partner with?

Sahil Vachani: Yes, so we are talking about all of the above. Our approach is to look at captive land banks that are within the group, looking at JDA opportunities and also looking at distressed assets.

Gautam Gupta: Any pipeline that you could share like in terms of JDAs under discussion?

Sahil Vachani: I can share that we have a few but it is a premature for us.

Moderator: Thank you. We will take the next question from the line of Kunal Pawaskar from Indgrowth Capital. Please go ahead.

Kunal Pawaskar: If you could please share some data points on the Films business, specifically I was looking at understanding what the realizations per ton might be on a specialty side and commodity side within the Films and what might be the breakup at the moment in this quarter?

Ramneek Jain: At the macro level, the Specialty would be 40% of our total and again we had to keep in mind that specialty of today becomes commodity of tomorrow, so it is a moving number. Again, in terms of the realization, I would really struggle to put a number not because we do not have one but again it is a relative number to our internal benchmark or what we call as specialty, they are probably not as overall blanket common approach on specialty. So, would leave that point to say yes, we think whichever is in a higher profit segment as specialty and right now we are at about 40% and with the new line coming in and the product that we have in place, definitely that should go upwards, adding to our overall blankets of the company.

Kunal Pawaskar: Would it be possible to share contribution numbers for respective segments at least for the commodity piece which makes up 60% of the sales?

Ramneek Jain: Again, as I said, this would be again more of the internal level. So, I would probably just keep it at that.

Kunal Pawaskar: Any commentary on the demand/supply situation that you see in India and whatever exports are being made, how do you see impact of the prices and the realizations in general?

Sahil Vachani: Basically like I mentioned there has been a bunching of capacity that has happened. So, there is a situation of overcapacity in India as we speak. Demand only grows linearly whereas the supply has grown in a quantum manner in the last one year. Having said that, there is a strong uptake in demand from the export side of things, primarily because of the rupee being at the levels that they are and in Europe and in America lot of the lines there are very old , so there is export demand. So, yes we see pricing to continue to remain under pressure at least for the next 12-14-months.

Moderator: Thank you. We will take the next question from the line of Karthikeyan VK from Suyash Advisors. Please go ahead.

Karthikeyan VK: Sahil, first question would be to you, can I understand your involvement in the business and given that you handle multiple responsibilities in the group, how do you see yourself allocating time across these various entities that you deal with?

Sahil Vachani: Thank you for that. My involvement at an operating level is 100% to Max Ventures. The way we have structured is that we have a holding company called Max Ventures and operating teams dedicated to run the respective businesses, in this case we have Max Speciality Films, Max Assets. My role is obviously to work very closely with our operating teams to drive performance and to grow the businesses. At a group level, I am involved as a director in Max Financial Services and in Max Life Insurance which does not really take up much of my time other than the statutory board meetings because of the solid team that we have running Max Life and Max Financial.

Karthikeyan VK: Second question would be this, even if I look at your existing Max Estates pipeline, it seems that you would require further capital sooner than later and whatever ballpark calculations one can do on the rental yields here, it seems like you would require new capital sooner than later. Can you take us through how you see the funding in the new initiatives, Max House in Particular?

Sahil Vachani: Max House, we have the funding as a result of the rights issue already and moving forward after Max Towers and Max House, because both of these are primarily funded through equity, we will have a significant headroom through the LRD opportunity to do that and to grow this forward.

Karthikeyan VK: In terms of value creation, if I assume a cap rate of say about 9% at Rs.100 plus, we are talking about Rs.72-75 crores of rental income annually and Rs.800 crores of value. Am I getting this right, the amount of capital deployed in this is quite substantial, therefore I am asking you this question, how you think about capital allocation?

Nitin Kansal: Currently our projects are majorly funded by equity and going forward we would be creating only Grade A marquee assets. In terms of the capitalization of these assets, there could be a significant premium as compared to 9% yield we are talking about, the number would be more in the range of 7- 7.5% going forward, thereby being capital accretive to the business.

Karthikeyan VK: Sahil, for example, if an investment opportunity comes in Max I or Max Estates or rather an opportunity that can be addressed by either of these, but the promoter group also has substantial resources. So, in terms of how a particular opportunity gets allocated, what is the thinking that guiding this particular process?

Sahil Vachani: It is a focus question. Anything to do with real estate we are going to be doing in Max Estates with respect to what we can do in manufacturing or allied opportunities we will do in Max Speciality Films and if there is an investment to be made, where we believe that we can create value, partnering it from an investment perspective, we will do it through Max Investments or Max I. So, that is quite clear that each of these are quite focused in what they do.

Karthikeyan VK: You say, "can partner through the investment mode", can you explain what that mean?

Sahil Vachani: To Nitin's point, what we were saying is that let us say there is an opportunity of our real estate deck startup company and we believe that there is a lot of innovation in the real estate deck. If there is a small stake that we need to take the entire company, we would get our Max I to be able to do that.

Karthikeyan VK: But an allocation between say Max Ventures and the Max group as a whole, how exactly would that allocation happen assuming is there way one to think about…?

Sahil Vachani: Anything to do with real estate we are doing in Max Estates and in Max Ventures. So, there is no conflict as such with the promoter group.

Karthikeyan VK: All allocation will be done through this entity itself?

Sahil Vachani: Absolutely. Just to add, there is an opportunity there rather than in conflict because the promoter has obviously a large pool of assets in real estate, we may leverage on those to do some sort of JDAs or things like that which in a sense going back to the previous person's question is that, that can be relatively asset light for Max Estates. So, in fact that is an opportunity, not a conflict.

Moderator: Thank you. We will take the next question from the line of Mahantesh M from Finquest Securities. Please go ahead.

Mahantesh M: Sir, just reading somewhere that the spread in terms of the selling price and the raw material of the Films business is slightly better now or maybe it is going to improve going ahead. What are you seeing on ground sir?

Sahil Vachani: Like I said, I think that the Films business is going to from a pricing perspective continue to be under pressure in our estimate for the next 12-14-months because of the bunching of capacity. If it does get better before that, we will be delighted to inform you.

Mahantesh M: Any lowering of raw material prices for your Films business?

Sahil Vachani: The raw material price increase or decrease is always passed on to the end consumer, in a sense. But what is the key factor here is the supply/demand of the industry and like I mentioned there is a lot of supply that has come on at this particular time. So, there is a margin compression; however, like I said, after 12-14-months we do not see any new additional capacity coming onstream as of now and there is a certain lead time for when a capacity is announced and when it's put to place. So, we believe that in 12-14-months it should get better.

Mahantesh M: In next 12-14-months is there any capacity coming up or nothing is there of?

Sahil Vachani: We are not aware of any such capacity coming out in the near future right now. Also, for us with our new line there are more efficiencies and more interesting products that we are looking to develop from a specialty range. So, we are hopeful that they will drive our contributions along with the macroeconomic margin expansion after 12-months.

Mahantesh M: Can you share some industry numbers on the demand supply, what is the capacity now and what is the demand in terms of square meters or something like that?

Sahil Vachani: I may not have the numbers off hand. I will have my colleague in Max Speciality Films, Ramneek, would you like to take that?

Ramneek Jain: The overall demand what we see on a weight basis is roughly about 30-34,000 tons per month, this is including the commodity and the Speciality segment what we call. At this time, I would say that the supply/demand would be about 75% in that ballpark range and I think as Mr. Sahil said we are not aware of any more supply coming on the board and industry is probably growing at around 10%.

Mahantesh M: Coming to the rupee depreciation you were just mentioning about the strong exports and since the rupee has depreciated much more now of late, would you expect more exports now going ahead?

Ramneek Jain: We are open to all opportunities and we have seen export go up and whenever there is a competitive opportunity whether it is an export or domestic we are open to it, we balance it with regards to the credit cycle period, the lead time. Directionally, I would say yes, exports seems encouraging in pockets and again penetration on the specialized products that we have, we think the number should go up directionally.

Mahantesh M: What is your current export revenue contribution to total revenue?

Ramneek Jain: Right now, it would be a small double digit number at this point of time in terms of our total sale.

Mahantesh M: Sir, you were mentioning about this BOPE thing. Can you throw some light on that?

Ramneek Jain: Bio-axially Polyethylene and we have been working on it for about a year plus. It is something that again the first in the industry. The idea is to how it can replace the polyethylene portion and how we can make it and couple it with the BOPP segment. It is a product which we definitely feel is one of the innovations which are stable here and we should be able to add more customers with this.

Mahantesh M: Sir, you also mentioned about this plastic regulation benefiting you. Can you just throw some light on how it will benefit?

Ramneek Jain: One is on the product side and one is on the process side of converting the material from waste to energy. So, on the product side, where we take technology position. One is we are able to have a product having the same family of chemicals on the plastic polymer, so that is where BOPP today we have in our product range, all features that a customer looks for whereby earlier there would be different families of polymers used, now BOPP can serve all the needs and thereby it could be a homo polymer family and thereby it is definitely recycled and reused thereafter. That is one. Aluminum foil has been one area which has been used for its high barrier property. There again we have products in BOPP stable which can replace and we have successfully done that. Also, on the products side, transparent high barriers or the innovative features the customers look for. Our family of BOPP products can meet all the customers' needs. So, that is one strong opportunity for us. Given our technology and product development and innovation approach, we are working very closely with all the brands to align with their recyclable needs. Also, in the process side, where we are creating the energy out of the waste and that is another leg of the recyclability opportunity and ultimately be able to offer value to our customers.

Mahantesh M: Energy out of waste means, I did not get you sir?

Ramneek Jain: Once you collect the plastic post usage and then how do you recycle it? The one is of course we were talking about land fill and burning it, but also how do you utilize it to create energy and better utilization and output of that plastic. That is where we are working on to innovate further along with various partners to create energy, could be diesel or furnace oil or gas. Of course, we recycle what waste we produce and into pallets which are then used in the plastic and again mixed with the original plastic granules.

Mahantesh M: I had a couple of questions on real estate front like on the Max Towers, will you be leasing all the 6 lakh square feet going ahead or something will be sold or something like that?

Arjunjit Singh: We do not intend to sell any of it, we intend to lease it out.

Mahantesh M: What is the timeline sir, you mentioned that it will be completed by December, so the leasing might happen in one year according to you seeing the market there?

Arjunjit Singh: Like I mentioned, I think the intention for us is that we wanted to lease it out once the project is completed so we can see maximum value in terms of our ability to lease it out and to see the demand, that we are seeing some amount of demand already, we are hopeful that we will transact when we feel that the pricing appropriately reflects what we have sort of created over there. So, I think it could take one year, it could take a little bit longer also, wherever we feel it is appropriate to capture the maximum value for the asset.

Mahantesh M: But you are saying demand scenario is there, just want to get an idea, like when you can lease it out fully?

Arjunjit Singh: As I mentioned, it is difficult for me to give an estimate also because I think the Noida market has not seen an asset such as this, I think it is a clear outlier. So, this is a sort of first of its kind for the market which is why it is a little bit more difficult to give you an estimate beyond what I have shared.

Mahantesh M: Outlier in what sense?

Arjunjit Singh: Outlier in the sense of the specification of the building in terms of the design and location of the building, it is treated more as South Delhi and less as Noida, so there is a little bit of market sort of education that we also have to do, in those respects it is an outlier.

Moderator: Thank you. We will take the next question from the line of Ritesh Poladia from Girik Capital. Please go ahead.

Ritesh Poladia: Sir, on your investment side, what would be the ticket size of each investment and any domain you have marked out there you would do the maximum investment, if you can give some idea on that?

Sahil Vachani: It is completely opportunistic, like I said the strategy is to be real estate enabled and investments that enable real estate businesses. So, at this stage, we do not have an indication of what the ticket size could be, it could be small, it could be a little bit larger, but we do not have an idea yet.

Ritesh Poladia: So, henceforth there is nothing like Nykaa kind of an acquisition, it would be only related to the real estate?

Sahil Vachani: Yes.

Ritesh Poladia: Second, what is happening on the Max Learning, any commentary on that ?

Sahil Vachani: We are at this point not doing anything on our education vertical because as you can imagine we have a lot in our hands, we are focusing on the verticals that we have and thus not doing much in the education field.

Ritesh Poladia: With the education as an opportunity, we are putting a pause or stopped?

Sahil Vachani: Putting a pause.

Moderator: Thank you. We will take the next question from the line of Naveen Bothra, an individual investor. Please go ahead.

Naveen Bothra: Does the promoter intend to take the stake to 51% and beyond?

Sahil Vachani: Thank you for the question, Naveen ji. At this point we cannot comment on that because that is a question you may have to ask the sponsor but what we can see is that the sponsor intent is very strong in Max Ventures and that is why it has increased from 38% to 47%.

Naveen Bothra: Second question is regarding the Max Estates. Recently, DDA has notified about 3.5 FAR by paying some penalty. So, will we believe utilizing that one?

Arunjit Singh: No, Naveen ji, we would not be utilizing the additional 3.5 FAR.

Naveen Bothra: But they have just recently notified that around last week of June?

Arunjit Singh: Yes, but that is related to the TOD policy to the best of my understanding. With us we have got 2.25 FAR, that has been approved by the DDA and building plans have also been approved for that. So, that is what we will be utilizing.

Moderator: Thank you. We will take the next question from the line of Jaykishan Parmar from Angel Broking. Please go ahead.

Jaykishan Parmar: My question is that in Specialty Films segment, for FY'18 we have reported EBIT margin of around 3.24% and for Q1 FY'19 it is around 4.5%. But when I look at the other listed players, few players are reporting around 6-7% EBIT margin. So, why is this gap or what are the steps you are taking to improve the EBIT margin in Films segment?

Ramneek Jain: As I said, for us to push forward the right products which is what we call "Specialty" in our internal benchmark standards which is again high value proposition to the customer. So, one is the product mix which is dynamic, it has been just in time as I said bringing in 50 microns plus films to the customer, this is also a unique requirement now with the law and so we are being able to provide that. So, product mix remains dynamic with the customer, that is one and obviously internal cost improvements in cost controls and cost breakthroughs and we have been on this journey continuously. So, a combined effect of product mix and internal cost control.

Jaykishan Parmar: Is it possible for you to give EBIT margin guidance for FY'19?

Ramneek Jain: I am sorry, we would not be able to give you a number on that.

Jaykishan Parmar: On real estate segment, for Q1FY'19 what is the debt and equity in absolute term?

Nitin Kansal: On the real estate segment, we had debt of around Rs.299 crores within the business, of the Rs.299 crores, Rs.250 crores was taken off post the receipt to the money from the rights issue, we are sitting with a debt of close to Rs.50 crores on the real estate business. On equity, we have put in a number of close to Rs.450 crores of equity in the real estate business.

Moderator: Thank you. We will take the next question from the line of Gautam Bahal from Mauryan Capital. Please go ahead.

Gautam Bahal: A couple of them; first one on Max Estates, one of the previous participants had a similar question, can you just explain to me again how do we think about value creation within Max Assets, just taking the example of Max Towers, if we expect rental lease of about 7-9% even going forward our borrowing cost would be I would assume around 10%, just a thought process on how we sort of create value in a model like this?

Sahil Vachani: I think there are two points; one is our yield and the other is a cap rate. So, let me take that question in three parts: First, the way we are looking at it is that there is a certain rental yield that the building will command which is on the pure play rental and the difference between the rental yield and the cap rate, that our buildings will command is a value creation opportunity for us, that is opportunity one. The second is there is an opportunity for us to be able to scale by doing LRDs and others and thus being able to scale through an asset light approach given the marquee nature of assets that we have built you can say in a sense which is our own company built asset capital heavy approach so to speak for the first few assets that we will do. The third model of increasing of our revenue stream is what we call are service arm or our services and as you are aware that there is a huge trend of co-working that started where the concept of office space itself is changing and there are a lot of allied services that we offer within the office space and we are looking to do that through a vertical called "Pulse" it is part of our real estate business. So, those are the three primary routes. I will just summarize; #1 is a rental yield which is arbitrage with the cap rate; the second is through the marquee assets that we produce and the opportunity of capital that we will have through LRD to look at more asset light approaches moving forward; and the third is creation of our service vertical that will help us drive what we can call "Ancillary Revenue" or service revenue from each building given that none of these buildings are going to be strata sold so to speak.

Gautam Bahal: If you can just give me a little bit of idea of what is the quantum of the ancillary revenues that you are envisaging at the moment?

Sahil Vachani: It is premature to say right now, as you know, our first building is going to get commissioned in December, so we will have to see, we do believe that this can be quite an exciting play and we have companies like 'We-Work' doing that globally, for example, through the concept called "Powered By We", so this is a scalable and can be significant revenue, but at this point in time we do not know, it is too new.

Gautam Bahal: I will ask one more question on the debt front, because given after the rights issue there is a bit of uncertainty on the financials at the moment for me at least. So, you said Rs.300 crores of debt in the real estate arm, of which Rs.250 crores will be paid back by the rights issue. How much is there on the Max Speciality front at the moment?

Nitin Kansal: Currently, as we speak, we have a debt of close to Rs.450 crores including working capital in the Specialty Films front.

Gautam Bahal: That is for the entire 100%, not 50% stake?

Nitin Kansal: That is for the entire 100%, yes and this includes entire capitalization of the new line which got commissioned in the month of May.

Gautam Bahal: What is the normalized sort of EBITDA margin we should be thinking of in Max Speciality Films?

Nitin Kansal: The way we look at in the case of normalized EBITDA margins, a couple of factors which will come into play. We expect margin expansion to happen and the margins from economies of scale from the new line, which has expanded our capacity by 60% and the second expansion in the margins will happen in the form of product mix which we are planning to getting more towards specialty films from the commodity films. The third which we are talking about currently is the market is in a tough situation as Sahil mentioned. What we expect the margins to get more in to normalize going forward in next 12-to-14 months. All the three things put together we expect significant uptick in the EBITDA margins of the Specialty Films business to take place.

Gautam Bahal: I assume given you have insight, you are not willing to put a number on it, it is like high single digit or something like this.

Nitin Kansal: We are looking at numbers significantly higher than that.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: In terms of your Max Estates, now you mentioned that about 50% of inventory has been sold in your Dehradun project, right?

Sahil Vachani: Yes, that is right.

Deepak Poddar: So, have 50% of our revenue also been kind of booked basically in our P&L, how is the scenario? How much percentage of cost has already been booked in our P&L?

Nitin Kansal: After the implementation of IND AS 115, we have been able to book the revenues in the first quarter results only to the extent where the possession has been transferred to the buyers. We have not been able to book the revenue of the full sales corresponding costs for the listed units have also been booked in the P&L as of now.

Deepak Poddar: How much percentage would have been booked as of now and what would the quantum be?

Nitin Kansal: Currently, as of now, we have booked the revenue on 20% of the units in the first quarter.

Deepak Poddar: That is about Rs.15 crores?

Nitin Kansal: Yes.

Deepak Poddar: So, that is about 25% of your revenue or what?

Nitin Kansal: That is 20% of our revenue.

Deepak Poddar: And in terms of Max Towers, how is the cost being accounted basically in our P&L or how is the accounting process for that?

Nitin Kansal: In terms of Max Towers, currently from the books of accounts perspective, it has been kept as inventory using the business of real estate for Max Estates; it has not been charged to profit and loss as of now.

Deepak Poddar: Once it gets completed in December, so how will that accounting change?

Nitin Kansal: Once our building gets capitalized in the current fiscal, the lease rent is coming as my income from operations and will have depreciation and interest going as an expense in my P&L.

Moderator: Thank you. The next question is from the line of Mahantesh M from Finquest Securities. Please go ahead.

Mahantesh M: Just had a follow up question. You were able to sell the enhanced capacity in spite of the overcapacity in the industry. Can you just throw some light on how you are able to sell it and what was the breakup of the new capacity, is it fully speciality or whether it is some commodity and speciality?

Sahil Vachani: Yes, I think, definite credit to the team to be able to sell this volume in the market. I think one of the large reasons of this growth has been our support based on our years of relationship with our big customers. So, some of our strategic long-term customers, they have been more than supportive and willing and actually work with us to take up a higher portion of our boot, that is one. As part of our plan with ramp up of the capacity coming in, we had built up our team as well as our customer base, so we had added lots in new customers and that successfully resulted in the offtake of the product as well. Also, in terms of the mix as the machine is ramping up and it ramped up, yes, there is definitely a mix of commodity and speciality. As I said the specialty portion should definitely be around 50% and again the definition of speciality is not a generalized number, it is more of our own standards of how we call it, but yes, I would say about 50:50 at this point of time.

Mahantesh M: Since your new line was operational in the second half of Q1, just throw some light on the utilization or may be production in Q1 and how much of it will be taken going ahead on the line-5?

Ramneek Jain: We have been able to, I would say, utilize the line-5 and it has ramped up with every passing day and different trials we have done. So, we have been able to successfully run it to its full capacity. In terms of the overall quantum, on a monthly level, we have been able to reach up to good 70% or 75% and should be able to definitely take it much higher, again utilization changes with the product mix, etc., based on the weight, time and dimension, but yes, those would be the ballpark numbers.

Mahantesh M: I mean at the end of June to at present, what is the incremental ramp up?

Ramneek Jain: I think we are looking at about additional 2000 tons coming out from our line-5.

Mahantesh M: At the end of June, what was the production from the line-5 and how much has been increased from that level to at present?

Ramneek Jain: My line-5 output is close to about 2000 tons in the month of June and that should take my overall capacity. As I said, capacity varies because of the tonnage involved and the thickness of the new product.

Moderator: Ladies and gentlemen, due to time constraints this was the last question. I now hand the conference over to management for their closing comments. Over to you sir.

Sahil Vachani: Thank you very much for joining us on this first earnings call and we thank everybody for their support, particularly in our rights issue and to ensure that it is successfully closed. Thank you and see you on the next earnings call. Bye.

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 us and you may now disconnect your lines.