August 9, 2022

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400001

Scrip Code : 543223

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

Name of Scrip : MAXIND

Sub: **Regulation 30: Transcript of Investors & Analysts Conference Call**

Dear Sir/Madam,

Transcript of Investors & Analysts Conference Call held on August 5, 2022 post declaration of un-audited Financial Results of the Company for the Financial Year ended June 30, 2022 is enclosed.

The same is also being uploaded on website of the Company at https://www.maxindia.com/wp-content/uploads/2022/08/Max%20India%20Earnings%20Call%20Transcript_Q1FY23_Final.pdf

You are requested to take the above on record.

Yours faithfully
For **Max India Limited**
(formerly Advaita Allied Health Services Limited)

Pankaj Chawla
Company Secretary

Encl: as above

"Max India Limited Q1 FY23 Earnings Conference Call"

August 5, 2022

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MANAGEMENT: **MR. RAJIT MEHTA – MANAGING DIRECTOR, MAX INDIA LIMITED**
MR. AJAY AGRAWAL – CFO, ANTARA SENIOR CARE
MR. OJASVI GHOSAL – CFO, ANTARA ASSISTED CARE SERVICES, MAX INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Max India Limited Q1 FY23 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 date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Rajit Mehta – Managing Director, Max India Limited. Thank you and over to you, sir.

Rajit Mehta: Thank you. Good evening everybody. On behalf of Max India Limited, a very warm welcome to everyone on this Q1 FY23 Earnings Call. Some of you may be joining the call for the first time. I have with me my two colleagues, Ajay Agrawal who is the CFO of our Antara Senior Living as well as the Head of Investor Relations for the company; and Mr. Ojasvi Ghosal who is the CFO of our Antara Assisted Care Services and SGA team who are our Investor Relations Advisors.

Before I go into the results of Q1, a quick update on the capital reduction scheme. I'm sure it's on top of mind for many of you. After a long wait, we did receive the NCLT approval sanctioning the capital reduction scheme on 30th June 2022. The record date we've already published. It's 27th July. The offers have gone to all the shareholders. The exit offer period opens today and closes on 23rd August as per the statutory requirement of 10 working days. We expect the transaction will be closed within September 22.

So, with this, one more commitment that we had made to our shareholders, many years back is now coming through. I must reiterate this is not a compulsory exit for public shareholders. It's just an opportunity for those who may not wish to participate in the next phase of growth. It's a call that they have to make. I would very much wish that all of you remain with us as we go through a very exciting phase, of our growth journey on senior living, but it's a call that shareholders need to make. We are ready with our funds as committed to be able to buy back those shares.

We have enough liquidity not only to support the buyback but also support our growth aspirations. We have a treasury corpus of over 300 crores, out of which 178 crores is earmarked for Antara Assisted Care Services and 75 crores for Antara Senior Living and the balance surplus capital to accelerate growth.

Now shifting on to operations, a quick overview of what happened in the quarter. As you know, I keep on saying in every call, Max has had history of having the ability to spot early trends. We spotted insurance way back in 2000, healthcare in 2004, and health insurance in 2008. All of them, are large well-recognized brands in their own right, in the country.

Similarly, the Senior Care trend was spotted very early in 2010. It continues to be a very large market in India, though fragmented in the nascent stage about $10 billion to $15 billion across various pools, residences for seniors, assisted living, care at home, around medical equipment and given a very unique, lineage and a legacy of healthcare, infrastructure, hospitality, we have the ability to bring together all these competencies to create a true integrated care ecosystem for seniors and we do believe that our pedigree of the Max group coupled with brand Antara will help us, you know, make good strides and good progress in this huge market opportunity.

Our focus continues to be the 4 million customers in the three clusters of north, west and south income segment of Rs 1.5 million per annum. Currently, we are already in NCR and we are aggressively now pursuing to enter, the southern cluster first and then the western cluster.

There are four strategic verticals we had identified, you know, for our growth. First one is Residences for Seniors. These are intended for seniors who are independent, healthy, would want to live in a community of like-minded people, the safety, security, and promise of healthcare services. You can choose a resort-like stay in Dehradun or in Noida going forward Gurgaon and many other such locations where we will, operationalize more and more communities.

Then under Antara Assisted Care Services, there are three verticals. Care Homes or what is popularly called Assisted Living, outside India. These are rented accommodations. We are giving an option of, single, double suite depending on your need. They're meant for three or four kinds of people. One, elderly people who can't be maintained at home and need help for the daily chores of, of let's say, mobility, or feeding, monitoring, bathing etc. Or seniors have gone through a very intense medical episode like a cardiac bypass surgery, a stroke, knee transplant etc., and they need some months of rehabilitation. There are also, patients who come from outside the country or outside the city and need, pre- and post-surgical care. These Care Homes are meant for those people. A variant of this is Memory Care Homes, which we are soon about to launch the first one of its kind offering in Gurgaon in NCR. These are meant for people with Alzheimer's, Parkinson's, Dementia, and these are specifically, structured for them in terms of infrastructure. There are different kind of, caregivers who are more qualified. So, this is the first vertical of what we call as Care Homes.

The second one is Care at Home more popularly called as Home Care Services, which includes critical care at home, nursing care, patient giver, pathology, x-ray, physiotherapy. We have the ability to provide all these services in the comfort, of the senior's homes.

The third vertical is patient aids or medical equipment. We call it Antara MedCare. These are basically, you know, equipment that helps the seniors lead a better quality of life and helps them, aids their recovery. These are from orthotic products like, supports for the back knee, you know, neck, mobility like walking sticks, walkers, wheelchairs, respiratory aids, bathroom accessories, all that helps the seniors, lead a comfortable life.

We had commenced our journey with the first, Residences for Seniors project in Dehradun. That has done quite well. In fact, we only have, 14 units left if I look at the first quarter and some units have also been sold in July and the project has also achieved a monthly sales collection of Rs 14 crores in Q1 FY23. Now happy to report the project is debt free and continues to be cash and PBT positive. It's a vibrant community with more than 100 residents enjoying the facilities and records a consistent resident satisfaction score of 90% plus and one more vindication of the product is that 50% of our sales are coming through resident reference. These are great testimony both for the brand and the quality of services being offered.

The learning of Dehradun, which was our first, product also helps, helped us establish the brand. We leverage the learning for a second community in Noida which is more condominium style G plus 30 total about 540 odd units in two phases where it's a joint development model where there is a partner who has contributed the land and the project is being developed in an SPV.

Again, happy to report we launched this somewhere in Jan to March of 20 in the thick of, COVID wave one. We've already sold 278 of the 340 units in phase one. Construction of this phase in full swing. We have completed, sixth floor, fourth floor and third floor respectively for the first three towers that we are building and the possession is expected by early 2025 and the project is currently on track.

We have collected about Rs 123 crores till June 22 with a monthly sales collection of Rs 14 crores in Q1 FY23. Work has already been initiated for phase two since we're running out of inventory now in phase one and hopefully in the next two months, probably last quarter of this year, we'll be able to, consider launching that as well.

The company is also progressing very well for its third community now, which is going to be in Gurgaon, in partnership with Max Estates Limited where, it's a joint development once again, where they will be our construction partners, and they're contributing in terms of, a land parcel and our core competency of helping them design, selling and operate is what will come into play, and we're also aggressively scouting for opportunities in Bangalore and Pune. So, that's the first, vertical of residences for seniors.

In Antara Assisted Care Services, we have served about 10,000 patients since inception. We are now the largest player in NCR in terms of beds for care homes or assisted living, already have 90 operational beds and 60 beds in pipeline. And therefore, by the end of H1 FY23, we will have about 150 beds operational and this is in a period of two years despite the disruption that we have faced, due to COVID.

We are also pleased to announce that the building blocks are in place for the launch of one of its kind Memory Care Home in Gurgaon in Q2 FY23. As I said earlier, the infrastructure little different in terms of safety and security, for people who stay there. This is meant for people who have Dementia, Alzheimer's or Parkinson's. We have, counselors and psychiatrists who are caregivers. Everybody is trained for curative care and dementia care and there are specific therapies will be offered from speech to swallow to gait management to make sure that we're able to provide a life of respect and dignity, for people who have mental disorders. This will be ready for launch probably, you know, by September mid-'22. It will be launched as well.

We were the first ones to launch a mobile health checkup van. It is a van which is fully fitted out to do executive health checkup for seniors at their doorstep. Seniors need not now go to hospitals or primary health care centers for their, checkups and given the pandemic situation, it is advisable they are able to do that, in the convenience of their home. We have an x-ray facility, a TMT, an ECG, a doctor consult, a blood work. All can be done without the seniors having to go anywhere.

On the medical equipment side, all the building blocks are in place both for sales and rental capabilities. We have about 1,100 SKUs, a very robust back end in terms of inventory management, warehousing and logistics and all our processors whether it's clinical, non-clinical are quite robust. They are in place. They have been, we have sought help from various clinicians to make sure they are robust and, gives me great pleasure to inform that our Care at Home services, we received the QAI Certification, which is a stamp of, quality and we are the youngest organization in India to receive that.

Our customer satisfaction scores consistently above 90%, yet another vindication of our commitment to excellence and quality. I must say that the sector has developed a little faster than what I had expected. In the last two years, we have seen a lot of new entrants stepping with various senior care models, some with remote monitoring capabilities, some leveraging AI, some with concierge services, some in residences for seniors and there is also heightened interest, from investors. We have seen two or three investors, putting in reasonable sums of money in the sector. And we are also seeing very active government participation to make sure that sector is developed in the right way with the right policies, tax structures, and certifications in place. And this augurs well because India, as is a fast-changing demographic and therefore, we need to put this in place.

In the end, I will say that we are well on our way of becoming a loved interested brand for seniors which was our, our vision so that we are able to cater to the life care, lifestyle, wellness and care needs of seniors.

This was about what has happened, in Q1 FY23. Now to give you a quick, financial numbers, the company's consolidated EBITDA turned positive to Rs 1.3 crores in Q1 FY23 against a loss of Rs 3.4 crores same period last year. This is on the back of improvement in profitability of the Doon project in the current year, and Max Skill reported losses in previous year. That's something, as has been divested.

Our consolidated revenue post divestment of Max Skill and COVID normalization is about 46 crores in Q1 FY23 down by 20%, obviously, because one company no longer in our portfolio and we have normalized for COVID revenues. The company continues to maintain a very robust balance sheet position with consolidated net worth of Rs 633 crores well capitalized with Rs 550 crores of assets, a Treasury corpus of Rs 392 crores and other monetizable assets of Rs 160 crores to support capital reduction and fuel Antara growth plans.

In terms of vertical performance, revenue is marginally down 9% on the Residences for Seniors because due to a very high lease registration in Q1 FY22, which is a carry forward from FY21 because we couldn't register many leases due to COVID, but the project, as I said, is turned PBT positive, Rs 0.2 crores in Q1 FY23 against a loss of Rs 1.4 crores same period last year.

In terms of Antara Assisted Care, the healthy growth continues. The Care Home net revenue has risen by 26% on a year-on-year basis to Rs 1.3 crores in Q1 FY23. The revenue growth on the back of improvement in occupancy, which has increased 83% on a year-on-year basis. Gurgaon Care Home achieved a break even within 20 months of operations. If you recall, I have been saying that every Care Home within 2 years should break even.

Gurgaon has done that, you know, 4 months in advance at 45% occupancy, reported net revenue of Rs 0.83 crores for Q1 FY23 with 19 patients as on June 22 including 12 long stay patients, which then, you know, ensure sustainability of revenue. We are really elated to report that the Gurgaon Care Home has reported positive contribution margin of 5% in Q1 FY23 up from -25% in Q1 FY22. The average occupancy has more than doubled from 25% same period last year to 52% now. We have witnessed a very high conversion. So, all the customers who come and see the property, about 50% of them convert. Also, the renewals are very healthy, 50%. Again, these are a big thumbs up we are receiving from customers on the product and we are also able to a much higher cross sell of services like nursing, pathology, diagnostic etc.

Our Care at Home net revenue stood at about Rs 1.2 crores in Q1 FY23, growing by 20% year-on-year. More than 80% of the revenue comes from critical care, nursing and attendant services. The Medicare revenue was Rs 0.7 crores excluding COVID led revenue from previous quarter. This means a 1.6x growth year-on-year.

Just to summaries, our endeavour has been to now achieve higher growth, a sharp focus on all four verticals. So, we have enough liquidity in the balance sheet to fund this growth. We aspire to be a multi-locational company over the next 5 to 7 years with 8 to 10 communities in residences, and a bed capacity of around 2,000 beds in Care Home, Memory Care Home, a very robust Care at Home channel. We are also exploring a digital channel for our Medcare equipment and a white labeling opportunity to boost margins.

Our endeavor is to continue to deliver a resilient business performance, make the right commitment and live up to those commitments. We want to deepen a product portfolio, increase the clinical differentiation, expand our footprint across various geographies and going forward, hopefully, the sector should also see significant tailwinds because the demographics are changing. Unfortunately, disease burden is changing. A large cohort of financially independent and educated senior citizens have growing healthcare and evolving lifestyle needs, a higher incidence of nuclear family, so a need to really put together a very strong integrated care ecosystem for seniors. With our core competencies and a strong pipeline of upcoming projects, Antara is quite well-placed to meet the increasing demand of high quality senior care. Our presence in all the verticals provides a very strong foundation and we are quite confident that we will be able to, record sustainable results in the future.

So, that's all I have from my side. Ladies and gentlemen, thank you very much for joining the call and happy to answer any questions that you might have.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Sajal Kapoor, an investor. Please go ahead.

Sajal Kapoor: So, just a couple of questions. First, regarding our Care at Home segment, and given the fact that the regulatory framework and policies in India are either not well defined in this space or are fuzzy at best, don't you think there is a risk to the mental and physical well-being of our staff who go into someone's property as part of our Care at Home services because of the weak or missing regulatory framework and policies in India currently?

Rajit Mehta: Sajal, the regulatory framework in terms of, let's say, certification of services has just been put into place. These are regular, nursing and caregivers who also work in hospital. So, it's not that we are creating a new cadre of caregivers. These are caregivers who provide the care in a hospital environment. Same people are going across to the homes. The doctors are giving them cover in case of very critical care needs. So, in one sense, the ecosystem exists, but in hospital, the same ecosystem is in different forms being provided in the homes of seniors.

As far as security of the caregiver is concerned, you're right. It's a very, tricky subject and sensitive thing to handle in India. However, through the use of various mechanisms of customer education and constant visits by supervisors at home to check on both the quality of service being provided and the welfare of the caregiver, so far India has been able to, navigate this. So, I haven't personally heard of very many incidents that is a security issue or a safety issue to do with caregivers. One has to be watchful, all the time. Therefore, we also do a fair bit of, let's say, selection of customers in terms of the need and what they need. That also is done by the supervisor before we provide the service. But I must say that this trend of services going home is only going to increase as it has happened, in other countries outside India. More and more services are going home, whether it's dialysis. Some people are even talking about basic dental, opthal, and now even chemotherapy at home. So, it's a trend that will continue. It will evolve over a period of time. So, one has to be watchful, right? But it's really a trend which one has to, be a part of because it's a large opportunity.

Sajal Kapoor: I fully appreciate the scale of the opportunity unfolding because as you said, during the opening statement it is the demographics and the age is something that will continue to catch up and the disease and the population metrics is not going to go, down in a country like India. So, yes, thanks for that detailed response. And just another question or second one that I have is around our Medcare and our ambulatory services and would you mind just giving us some sort of a better perspective or color around, you know, what gives us the right to thrive in these segments and your best three-to-five-year outlook please?

Rajit Mehta: We don't offer ambulatory services. We offer, as I said, Care at Home services and in our Care Home, there is an emergency backup tie up we have in case of any episode with the nearby ambulance providers and hospitals. So, if that's your question, we don't provide ambulatory services actually.

Sajal Kapoor: Pardon my ignorance, because I'm still kind of learning the business, and my due diligence kind of hinted that, you know, that's one area that we potentially maybe looking at. That's absolutely fine. I'm still learning about the business, obviously. Medcare, so I think where we currently stand is we are sort of procuring. So, it's kind of a trading business for us currently and the next end stage of evolution would be where will we start white labeling. We will be presenting the end product in our own brand and we've got these two models, right, the rental and the outright sale. What is the sort of medium-term outlook in this segment once we get the branding established? Is there a longer-term plan to do a backward manufacturing type setup? Or are we comfortable in terms of the quality of the product and the kind of different products that we need and we have got the vendor network is well established, so we are just happy to just, you know, put our sticker and operate in that model over a medium to longer term maybe?

Rajit Mehta: So, Medicare, as I said, we are playing in the segment which are essentially patient aid, which help people to recover and lead a comfortable life from respiratory, orthotic to, bathroom accessories. Currently, it's number three on our priority list. We have an offline workforce in NCR, but we are actively pursuing two things. One, we are about to, explore listing on a platform because that seems to be more efficient in terms of, the sales output and we will definitely look at white labeling once we have reasonable volumes to be able to push, the margins. We have identified about, 10 SKU categories, which are quite relevant in terms of volumes that we see on various platforms and the next quarter, we should be able to at least list a few of them, watch the experience while we have the logistics and warehousing capabilities both for sales and rental. And after once we see the volumes coming through is when we will approach, white labeling certainly on the card. So, I would say in the next 6 to 9 months both of these things should happen.

Moderator: Thank you. We have the next question from the line of Ulhas Paymaster, an investor. Please go ahead.

Ulhas Paymaster: I have one question. Now you have been talking for last two years that you are expecting a turnover of about Rs 500 crores over the next four to five years. Now if you see the trajectory of your turnover growth in last one or two years, there is hardly any turnover accounting. So, can you just explain to me how you are planning to achieve a turnover of Rs 500 crores from the current turnover of hardly about 10 to 15 crores in Care at Home and Care Home facilities?

Rajit Mehta: Yes, Ulhasji, our turnover will be more than the numbers you're talking about this year itself. Unfortunately, two years have been disrupted by COVID where we had no access to medical value travel. There was hardly any access to hospitals and we also had to turn our focus towards COVID services. So, that disruption, unfortunately, we didn't see coming, two years back and it was taken away at least 1 - 1.5 year, 18 months away from us. So, scale-up has been a little slow and we also pulled back not wanting to burn too much of capital, but we didn't see the demand coming through. However, things are now slowly getting back on track. This quarter has gone up very well. If you see our growth quarter-on-quarter, it's quite healthy. So, I would say our ambition of Rs 500 over next five to seven years, may have got shifted a little bit due to unforeseen circumstances, but once and as I said the Care Home unit economics have been established very clearly. That was our assumption.

Some assumptions have gone better than what we had planned and now the scale-up should start in all across the verticals. So, if you look at Noida, it has done very well. We are looking at Gurgaon and Bangalore and Pune. So, a combination of the four verticals certainly should be somewhere near that number, in the next five to seven years.

Ulhas Paymaster: But overall, if you see the progress, which is being made by a competitor, don't you think that you are going to lose the first mover advantage if the competition is able to come up with their projects faster than yours?

Rajit Mehta: Sir, if you are referring to Residences for Seniors, I would say on overall basis, our ambition of creating an ecosystem which comprises Residences, Care Homes, Care at Home, Medcare, nobody else is playing that game at all. Nobody is creating an integrated care ecosystem. We are the largest provider of assisted living beds in NCR already. As I said, 90 beds operational, 60 more in sight by H1FY'23. Nobody else is even near that number at this point of time and once we have done that, we are stepping outside the NCR now. So, I don't see that danger at all. We are actually far ahead of many others who have been in the game a little longer than us. If you're only comparing the residences vertical, obviously, there are a few people who are larger, But I'm looking at totality of all the four verticals.

Ulhas Paymaster: So, even at Care at Home, there are other companies like Daburs or Mahindras, they are also going pretty far. Don't you think so?

Rajit Mehta: Sir, Dabur etc., and Portea, they are competitors who have been there for 10 years, sir. We are about two years for the new services, two years old, and if I compare the NCR volumes that we have and all these are not published numbers. So, I can't comment, but we're quite comparable to names that you mentioned within NCR. Of course, they are in, you know, x number of cities more, which we are not, but within NCR in two years, we have been able to come within very close distance of what number they are reporting on annual basis. So, I'm quite confident in the next three or four years, you'll see, faster growth from our side. I mean, COVID notwithstanding, hopefully, I wish, it remains the way it is in terms of endemic and never comes, you know, another disruption for us. But I see this growth now, being accumulated in the next few years.

Moderator: Thank you. We have the next question from the line of Keval Ashar from DSP Investment Managers. Please go ahead.

Keval Ashar: A few questions from my side, sir. First is, sir, what is the market size for Care Homes in India?

Rajit Mehta: The total opportunity as estimated by McKinsey in 2019 was USD 1.1 billion for assisted living in India.

Keval Ashar: Sir, any global leaders in this market which are there in similar industry as ours? Just for reference for investors that what is the opportunity we can reach?

Rajit Mehta: There are quite big players in US, UK, as well as, in Japan, but there the advantage in US is the payors are very different. It's an insurer led market, in that sense. So, there are players outside India, but nobody in India of that scale and size.

Keval Ashar: Sir, if you can just give a name of one to two players in some mature markets like US and Japan just for the reference?

Rajit Mehta: There is Genesis, in US. There is Continental in US. These two names I remember. There is Care Homes UK in UK.

Keval Ashar: Sir, what could be the ROICs that we would be making on care homes? When you plan to set up a care home, what are the ROICs in your estimate?

Rajit Mehta: So, we had expected that a care home at a unit level will produce between 18 to 21% contribution margin at a care home level and do a EBITDA in the fourth, fifth year of between 12 to 15%.

Keval Ashar: And sir, last question from my side. So, currently, what I'm saying is your four care homes are in Delhi, NCR and two in Gurgaon. Sir, how many care homes do we plan in the next three years?

Rajit Mehta: So, our plan is to put up about 2,000 beds in the next, you know, five years. So, we'll complete, about 150 beds by H1 '23 in NCR and then step out. Don't want to project any numbers for next two, three years not right, but that's the plan, 2,000 beds in the next five years or so.

Keval Ashar: Is it 2,000 or 3,000?

Rajit Mehta: 2,000.

Moderator: Thank you. We have the next question from the line of Chaitanya Deepak Shah from Silverlight Capital. Please go ahead.

Chaitanya Deepak Shah: Sir, my question was on the assisted care vertical. Actually, I'm sure, you know, Portea has come up with, you know, they've filed the IPO prospectus with SEBI, and I was just having a look at a few of the numbers that they have reported and, you know, just a few numbers in the industry. Now, you know, they have been in this business since 10 years and they're doing revenues of Rs 140 crores and they've burned through almost Rs 800 crores. They have a negative net worth of close to Rs 800 crores today. So, I just wanted to understand what gives you the confidence that, you know, these players have been there for, almost 10 years and then they've reached the size of just Rs 140 crores. What gives you that confidence that you would be able to reach that Rs 500 crore figure in five to six years, then you would be profitable?

Rajit Mehta: See, the companies you were mentioning actually are, first of all, not senior focus and they are into only one vertical, which is, you know, care at home. We are four verticals, residences for seniors, assisted living/ memory care homes, care at home and Medcare equipment. So, first of all, we are different. Our target segment is different. Our focus is different. Our business model is different. They are only into care at home. That's one.

Second, they started very early and therefore, you know, they have borne the brunt of, burning capital to establish the category. So, for that reason it's not actually comparable. We are also a real estate enabled play. They are a pure services play. There are for several reasons, because of which our model is quite different. So, it's difficult to compare and say where will our growth be five, ten years from now because a very different model.

Chaitanya Deepak Shah: So, if I understand correctly, are you saying that the whole ecosystem that you are trying to create in terms of care homes and residences, you think this model sort of works better than just having a service focused vertical?

Rajit Mehta: That's our, belief, because the needs are quite distinct and different for seniors in terms of life current lifestyle and so far we have been, watching the sector very carefully. As I said it's progressed a little better than what I had expected. Also, there was no ecosystem in place, senior care four, five years back slowly coming into play.

So, if you look at whether it's chronic healthcare, remote healthcare, care at home, travel portal for seniors, assisted living, memory care, so slowly you are seeing players coming in each segment which means the sector has now started to slowly take shape. And that's what our, you know, our hypothesis is, that given the macroeconomic factors of both the population, you know, changing demographics from 8% seniors to 20%, Under disease burden, 40% of seniors reporting cardiac issues, 17% having dementia, a much higher incidence, now of people living alone and therefore, nuclear families coming into play, the government's starting to pay attention.

Already there's a portal for, second innings employment for seniors. There's an elder care helpline launch, Tata Trust. There's a portal the government has set up for incentive startups to in senior care. About Rs 100 crores of corpus has been set aside. So, all these are indications now that the sector is getting attention and therefore, we believe in the next few years, we should see significant, change in terms of growth trajectories of people.

Chaitanya Deepak Shah: My second question is regarding the care homes. Now while I appreciate that the Gurgaon Care Home is doing pretty well and you have reached breakeven, but this I think the GK2 and the Gurgaon 2 that you have listed in the presentation, they still are at a pretty low occupancy. So, just wanted to understand what was the motivation behind them, you know, opening one more care home? And why are these occupancies not picking up? And I was under the assumption that international medical travel would also have started by now. So, just your thoughts on that.

Rajit Mehta: So, as I said, we have assumed that the each care home should break even in two years. Gurgaon has done that, you know, one quarter in advance. GK also stand in the same way. The occupancy you are seeing in the first quarter, there has been a significant improvement which I will report in the second quarter which has happened already in both the care homes. So, they are going as per assumption.

We also saw that the revenues that we'd expected in terms of pricing per day, we had to revise downward given the pandemic situation, but then we also optimize cost. So, earlier we thought the break even will come at 70% occupancy. Now it has come at 45% occupancy and Gurgaon Care Home has been contributing positive for the last few months, and the occupancies are going up steadily. Yes, medical value travel has started.

So, our strategy was first to create supply, because it's not easy to create supply either to be able to find compliant infrastructures where you have all the fire NOCs, the registrations under various laws, the biomedical waste license we have to take. So, it took us time to create the supply. We also want to take the opportunity in the pandemic induced situation of low rentals, which were available. So, it was an opportunistic play that we said okay, let's go and create the supply and then we'll push ahead on occupancy and sales. So, that's the judgment call we took. So, supply will be in place at the end of the year and now we are seeing the occupancy going steadily up in all the care rooms actually, much more in Gurgaon.

The other advantage Gurgaon has had is that a large proportion of people staying are a long-stay patients now, which means that the revenues are more or less now on a monthly run rate basis sustainable and GK will follow suit. So, that that was a strategy to create a supply first given the time it takes and the opportunity presented by the pandemic situation of lower rental and now the focus is on making sure that we're able to increase the occupancy and then step into other geographies.

Chaitanya Deepak Shah: So, the model that, you know, you had pivoted, which was mentioned in the last quarter about just leaving out the care homes and not, you know, having that ownership yourself, do you think that started working? I mean, are you happy with that model right now?

Rajit Mehta: So, actually, we never owned the care home. What we done very earlier was taken the full building about 30-35 rooms, and we were operating all the services ourselves from F&B to housekeeping to nursing to physiotherapy to doctors. What we did in the pandemic situation was found a lighter model where we took, you know, 10-15 rooms near, hospitals, particularly for pre- and post-surgical care to be able to take that advantage which we have done. So, those models are now up near various hospitals in NCR and GK and Gurgaon full suite, where all the services are run by us at this point of time. So, yes, the operator model or lighter model as we call it in terms of CAPEX where somebody else runs the F&B and housekeeping. We provide the medical services. That has also started to, show some results. Too early for me to comment. The supply came up in last few months only. We will watch both the models, but our preference is to make sure we have minimum 20 rooms wherever we go starting with 10 and 20, but a lighter CAPEX model for short stay and a little more, you know, full-service model for long stay is what we think works. So, we never owned big properties. Both are still rental model.

Chaitanya Deepak Shah: I just have one last question. This is regarding the slide number 21 in your presentation. It's about the Antara 2.0 where it's mentioned that the invested capital is Rs 228 crore. So, just wanted a breakup of, you know, this Rs 228 crores of, you know, it also mentioned a land parcel. So, if I can just get a break up for something, that would be great.

Ajay Agrawal: So, basically, this is the investment which has been done by Max India to the residences for seniors wherein, you know, we have invested in our Noida project. So, this leads to the Noida project plus we have invested in Greater Noida land and plus the infrastructure cost what we have built in the last 3-4 years which will get amortized on various other projects which is coming in Bangalore, Pune and other geographies in future.

Chaitanya Deepak Shah: So, what would be the value that would have attributed to the land parcel? That is what I wanted to know.

Ajay Agrawal: Approximately, Rs. 60 crore on the land parcel of Greater Noida. Approximately Rs. 28 to 30 crore is there from principal ICD investment to our project at Sector 150 Noida and the balance comes to the corporate cost and all other amortization which will be getting amortized to other projects when we are going to develop.

Moderator: Thank you. We have the next question from the line of Anand Mundra from Mytemple Capital Advisors LLP. Please go ahead.

Anand Mundra: I just had one question that after selling all the Dehradun units, how much would be the surplus cash that will be available?

Ajay Agrawal: Surplus cash would be approximately Rs 100 -120 crores.

Anand Mundra: And sir, in the Noida project you mentioned to the previous person who asked question that our invested capital is around Rs 30 crores. Is that number correct?

Ajay Agrawal: Rs 28 crores.

Anand Mundra: That is all in the form of equity or there is some debt also?

Ajay Agrawal: Noida is a JD arrangement wherein the land is in the SPV. So, we have given all the funds as an ICD to that place because, in a structure we could not have bought the equity of the company.

Moderator: Thank you. We have the next question from the line of Chaitanya Deepak Shah from Silverlight Capital. Please go ahead.

Chaitanya Deepak Shah: This is a question for Ajay. So, again, just wanted some numbers on the Noida project. Now I think when you started selling the project, I think you were starting at Rs. 7,000 per square feet and now I think you're at ~ Rs 8,600 per square feet. So, you've mentioned an IRR 15% to 17%. So, just wanted to understand, do you think that you would be revising it upwards? And also second part of that question is how much, what is the total value of sales that you've done till now?

Ajay Agrawal: Total value of sale what we have capped yet, capped as on date?

Chaitanya Deepak Shah: Yes, as of the presentation date.

Ajay Agrawal: So, you know, you can safely, but 278 we have sold as on 30th of June and if I give an average valuation Rs 1.5 Cr, then, approximately Rs 400-450 cores of sales we have done. And as a pricing of the IRR, see, no, unfortunately, presently, we do not see that because, the cost of material has increased substantially from what we have modeled. So, when we started the project in 2020, the model was done in 2019. From 19 to 2022, we have seen an exceptionally high price increase. Steel has gone approximately 30% and, you know, copper and likewise everything. And actually, we have increased these prices rapidly in last three months to offset some of these costs and to retain the IRR which we had aspired to while we will be looking after, we will be looking forward for many opportunities like that wherein we have opportunity to raise the pricing will certainly do so. But obviously, we have to be commensurate to the market conditions also. So, presently, I'm keeping it conservatively 15 to 17%, but all efforts will be taken by the company to maximize the IRR as good as possible.

Chaitanya Deepak Shah: And the total investment in the project would be 28 plus 66

Ajay Agrawal: Correct. 66 is a delta cash flow which I'll have to give to maintain a debt equity ratio. So, if you remember, I had explained that 10:90 we have sold approximately 60-70 units in the start of the project. So, that's where the cash, way collections are going in, these numbers can vary downwards.

Chaitanya Deepak Shah: So, when I say my IRR would be on approximately 100 crore of capital from your side, right?

Ajay Agrawal: Correct. So, the moment where there's a less investment with the same kind of equity realisation, I'm getting my IRR is also always going to get improved. But today it will be too early to say.

Moderator: Thank you. As there are no further questions from participants, I now hand the conference over to Mr. Rajit Mehta, Managing Director, Max India Limited for closing comments. Please go ahead.

Rajit Mehta: Thank you everybody for your engagement and questions. As I said, there's a trend which is playing out very clearly and as I said, I'm seeing it from three angles. One, heightened interest of new players who are walking. In the last 18 months or so, there have been 30 plus new entrants in senior care in different formats. Somebody using AI for remote monitoring, somebody doing concierge, somebody doing travel portals for seniors, somebody stepping up into residence for seniors. So, different players, different formats, last 18 months, heightened investor interest.

There are now investments flowing in. We have already seen two such deals, you know, happening in the last few months. Heightened government interest, policy making, the first, you know, medical social living policy for assisted living got released, by Haryana government, something that we had helped them draft and there's also, you know, NABH now talking of certification standards for care homes. So, that's a necessary condition for insurers to start cover that. There is some talk of insurers now covering attendants at home. Slowly, we are seeing all the, you know, macro-economic factors playing out to be able to, you know, push the sector as we go forward.

We are quite uniquely placed. We're the only ones with our brand playing the integrated care ecosystem. We do believe once we have a sizable population who is using one of our services, our ability to cross sales becomes quite easy and the customer acquisition costs, come down.

For example, in our Dehradun facility, all health care services are being provided by Antara Assisted Care. So, it will happen in Noida and other communities where we will have 600 to 1,000, you know, residents who will need health care services. They will be done by us. So, more or less a captive audience. Now they will have various needs from nursing to an equipment or diagnostic to be done and therefore, we will have all the products that are services which are needed by them.

The memory care, you know, offering we're about to launch is quite unique. We also have a very eminent advisory committee we are signed up which will announce shortly, you know, who will help us make sure that our protocols are really best in class and across the world. We do believe dementia is currently under reported in the country and that's a big opportunity that we want to play as well. We have all the building blocks in place as is evidence from our run rate in terms of, financial performance and the residents voice of customers, the growth, you know, on quarter-on-quarter slowly which is now coming through and the conversion rates we see in our care home. So, everything is pointing in the right direction.

Now it's time for us to accelerate. It will still take, you know, a couple of years more to reach the scale that we want to and some of your questions are quite valid in terms of, trends and that we will reach that scale or not. As I said, the pandemic years took away a lot of, opportunity from us. However, now it is coming back and hopefully, the trends, will improve. So, thank you very much for the patient listening and thank you very much for your questions.

Moderator: Thank you members of the management. Ladies and gentlemen, on behalf of Max India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.