



Max India Limited

Investor Release

May 2011

Disclaimer

This release is a compilation of financial and other information all of which has not been subjected to audit and is not a statutory release. This may also contain statements that are forward looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from our expectations and assumptions. We do not undertake any responsibility to update any forward looking statements nor should this be constituted as a guidance of future performance.



Max Group – Key Highlights

Max India Group turns profitable in FY11

- Max India turned profitable for FY11 on a consolidated basis with Net Profit of Rs. 9 Cr. against losses of Rs. 72 Cr. for FY10
- Profit Before Tax (PBT) for FY11 at Rs. 32 Cr. against loss of Rs. 86 Cr. for FY10
- PBT for Q4FY11 at Rs. 130 Cr. against PBT of Rs. 94 Cr. for Q4FY10, grows by 38%
- Operating Revenue for FY11 at Rs. 6,668 Cr., grows 20%
- Treasury Corpus of Rs. 540 cr. as at Mar 31, 2011

MNYL Embedded Value grows 18% y-o-y to Rs. 3,216 Cr.

- Value of New Business for FY11 at 235 Cr. with NBM at 19.5%
- MNYL market share increases from 5.5% in FY10 to 7.5% in FY11. Grows 9% y-o-y against 20% y-o-y de-growth for private life insurers
- MNYL generates shareholders' profit of Rs. 194 Cr. in FY11 against loss of Rs. 21 Cr. in FY10. Additionally, it generates an undistributed surplus of Rs. 89 Cr. in policyholders' account against Rs. 45 Cr. in FY10
- Shift in focus on Mass Affluent+ customer segment and LTSP sharpened with introduction of new products – Flexi Fortune, College Money Back Plan
- Wins Customer and Brand Loyalty award 2011. Brand awareness at an all time high of 98%



Max Group – Key Highlights

MHC turns profitable during the quarter

- EBITDA margins improve sequentially from 1.8% in Q4FY10 to 11% in Q4'FY11, EBITDA of approximately Rs. 19.6 Cr in Q4FY11, up 643% y-o-y
- EBITDA for FY11 at Rs. 51.9 Cr. up 121% y-o-y, EBITDA margin improves from 4.4% to 7.6%
- Max Super Speciality Hospital, Saket has been awarded with Excellence in Healthcare Delivery and Max Super Speciality Hospital, Patparganj for Environmental Conservation by FICCI

Max Bupa imprinting evident footprints in the industry

- Gross written premium of Rs. 26 Cr. from 46,000 lives covered in FY11
- Diversified product portfolio – IMEP, SME, Micro Insurance & Retail (Rural & Urban) products
- Sets benchmark in the industry with highest agent & telesales channel productivity

MSF commences new BOPP line

- Expands capacity to 52,000 tpa with new line of 22,000 tpa coming on-stream
- Profit for FY11 at Rs. 36 Cr., grows 77% y-o-y
- MSF wins the Worldstar Packaging Excellence Award 2010

MIF wins Corporate and Social Governance Award

- Max India Foundation, the CSR arm of Max India, awarded with prestigious Golden Peacock Award for CSR 2010



Consolidated Financial Snapshot (FY11)

Operating Revenue at Rs. 6,668 Cr., Up 20%

Particulars	(Rs. cr.)					
	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
	Mar 11	Mar 10		Mar 11	Mar 10	
Operating Revenue	1,941	1,592	21%	6,668	5,574	20%
Total Revenue	1,890	1,793	5%	7,891	7,661	3%
EBITDA	177	158	12%	348	114	205%
Profit/(Loss) Before Tax	130	94	38%	32	(86)	-

Particulars	Mar 31, 2011	Mar 30, 2010	Growth
Net Worth	1,944	1,993	(2)%
Preference Shares	250	250	-
Loans Funds	507	440	16%
Fixed Assets (Net Block)	1,126	965	17%
Treasury Corpus (Debt M. Funds & Term Deposits)	540	909	(41)%
Life Insurance Investments (AUM)	13,836	10,121	37%



Max New York Life Insurance



Revenue and Profitability

- Individual First Year Premium (adjusted for single pay) for Q4FY11 at Rs. 472 Cr., grows 13% y-o-y and for FY11 at Rs. 1,724 Cr. grows 9% y-o-y
- Traditional products contribute 86% to new sales for the quarter
- Gross Premium Income for Q4FY11 at Rs. 1,682 Cr. grows 21% y-o-y and for FY11 at Rs. 5,813 Cr., grows 20%
- Expenses of Management Ratio for the quarter improves from 30% to 29% y-o-y and for FY11 from 40% to 34% y-o-y
- Shareholders' profit of Rs. 194 Cr. in FY11 against loss of Rs. 24 Cr. in FY10. The undistributed surplus in policyholders' account is at of Rs. 89 Cr. for FY11 against Rs. 45 Cr. for FY10

Other Business Drivers

- AUM at Rs.13,836 Cr. at the end of FY11 grows 37% y-o-y
- Over 3.3 million policies in-force grows 13% y-o-y
- Sum assured in-force around Rs. 155,000 Cr. as at March 31, 2011 grows 25% y-o-y
- Business capitalised at Rs.1,976 Cr as at March 31, 2011; solvency surplus of Rs. 724 Cr.
- Brand Awareness increased to an all time high of 98% in March 2011

Agency Performance

- Average case size per agent at Rs. 21,681 for Q4FY11 against Rs. 21,608 for Q4FY10 and for FY11 at Rs. 21,239 against Rs. 20,665 for FY10
- Average case rate per agent for Q4FY11 at 0.66 against 0.56 for Q4FY10, for FY11 at 0.61 against 0.66 for FY10



Max New York Life Insurance



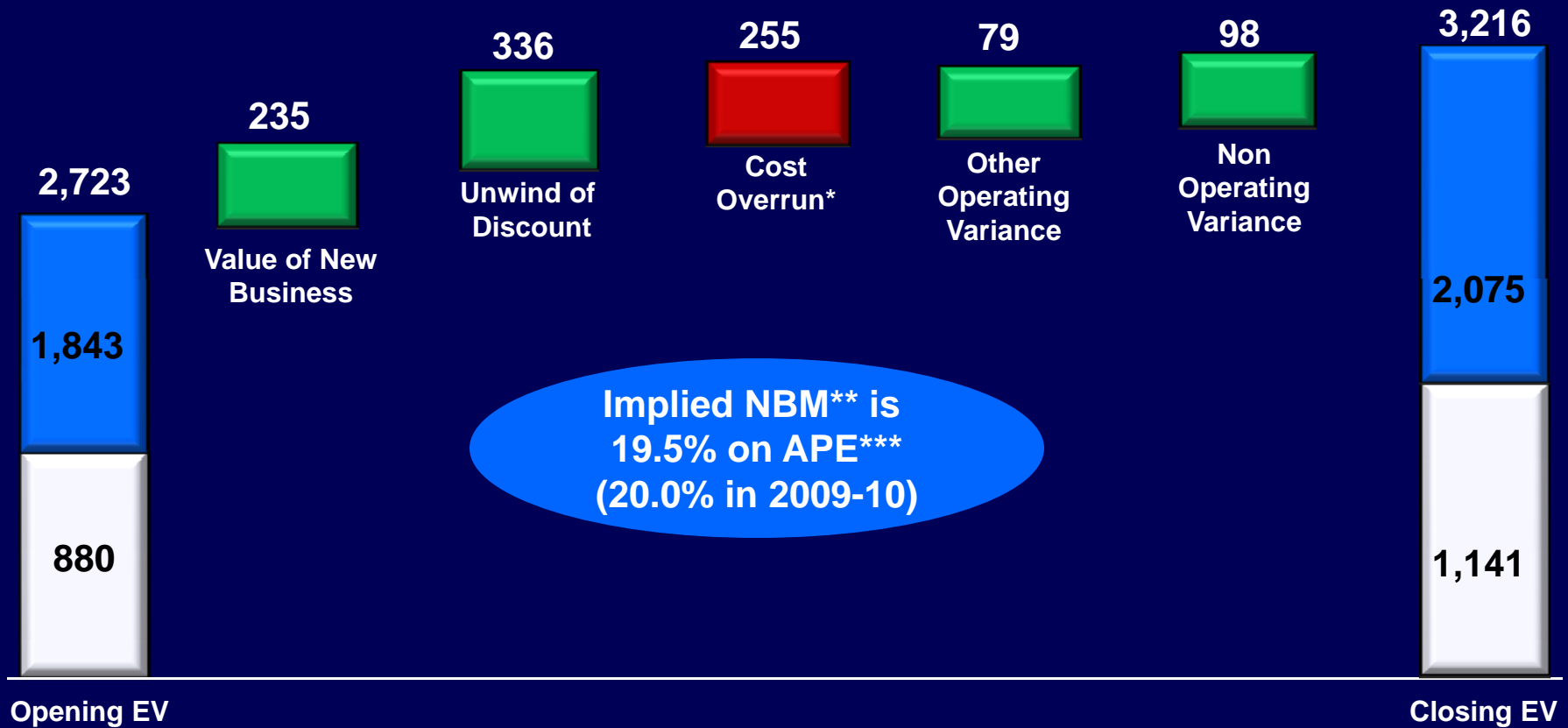
Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Mar-11	Mar-10		FY11	FY10	
a) Gross written premium income	Rs. Crore						
First year premium		480	438	10%	1,775	1,648	8%
Renewal premium		1,103	903	22%	3,751	3,011	25%
Single premium		99	46	116%	286	202	42%
Total		1,682	1,387	21%	5,813	4,861	20%
b) Individual Adjusted Premium (APE*)	Rs. Crore	472	419	13%	1724	1584	9%
c) Conservation ratio**	%	82%	82%	-	81%	83%	-
d) Average case size	Rs.	21,681	21,608	0.3%	21,239	20,665	3%
e) Case rate per agent per month	No.	0.66	0.56	18%	0.61	0.66	(9)%
f) Number of agents	No.				43,692	72,813	(40)%
g) Paid up Capital	Rs. Crore				1,976	1,973	-
h) Individual Policies in force	No.				3,368,408	2,985,207	13%
i) Sum insured in force	Rs. Crore				154,687	123,288	25%

*Individual First Year Premium adjusted for 10% single pay

**Conservation Ratio = Renewal Premium for the current period / (First Year + Renewal Premium for the previous period)

Amount in Rs. Crore

March 31, 2011



- Denotes increase to EV
- Denotes decrease to EV
- Net Worth
- Value of In-force business

* Cost Over-run includes over-runs that are relevant to Embedded Value

**VNB includes shareholder's interest in the residual estate from participating business aggregating Rs. 20 Cr. Implied NBM is on a structural basis.

***APE – Adjusted Premium Equivalent (Annualized First Year Premium adjusted for 10% of Single Premium & 50% of Limited Pay Products)



MNYL – Key Assumptions to Embedded Value



Economic Assumptions

Particulars	Assumptions
Cash / Money Market / TB	5.50%
G Secs	8.01%
Corporate Bonds	8.91%
Equities	13.00%
Unit Linked Fund Growth Rate	10.25%
Interest Rate on Non-Unit Reserves	7.75%
Inflation	6.00%
Risk Discount Rate	13.00 %
Service Tax	1.55% - 10.30%
Tax rate	13.84% (12.5%+ 7.5% surcharge + 3% education cess)

Sensitivity

- For change in risk discount rate by 1.0%, the value of new business would change by 6 -7%

Operating Assumptions

- Operating assumptions like mortality, morbidity and lapses are based on our own experience and validated with industry / reinsurers experience
- Expense assumptions are based on our own expense projection model. Basis our current expansion strategy, our expense break even happens in FY 13-14



MNYL – Basis of Preparations for Embedded Value



MNYL's EV guided by European Embedded Value principles

“Top down” allowance for risk including allowance for time value of financial options and guarantees

Explicit allowance for cost of capital where capital is the higher of the required solvency margin and internal capital requirements

Actuarial assumptions based on past experience and on management's views of future trends in experience

Results not audited nor subject to external review but the EV methodology is in line with accepted international practices

Revenue

- Revenue across network of hospitals for Q4FY11 at Rs. 179 Cr., grows 21% y-o-y and for FY11 at Rs. 685 Cr., grows 28%
- Average Revenue per Occupied bed day* for Q4FY11 at Rs. 22,868 grows 4% and for FY11 at Rs. 21,558 grows 6%

Profitability

- EBITDA for Q4FY11 at Rs. 19.6 Cr. grows 643% y-o-y and for FY11 at Rs.51.9 Cr. grows 121%
- EBITDA Margin for Q4FY11 at 11.0% against 1.8% in Q4FY10 and for the FY11 at 7.6% against 4.4% for FY10

Other Drivers

- Average Occupancy** across all healthcare care facilities at 67% in Q4FY11 against 68% in Q4FY10. The average operational beds increase to 926 in Q4FY11 from 818 in Q4FY10
- Average length of stay for Q4FY11 at 3.6 days
- Over 1,250 Doctors, 1,700 Nurses and 600 para-medical staff across network of hospitals
- Registered patient base over 1.1 million patients with average patient transactions close to 250,000 a month
- Extensive focus on further strengthening MHC's Brand with Delhi Gymkhana Club, DMRC, Airport Facilitation Centre, M- Health, IPL etc. to widen MHC reach & visibility

* Average Revenue per Occupied Bed Day = Inpatient Revenue/ Occupied Bed Days

**Occupancy has been calculated on average operational beds.



Max Healthcare*



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Mar 11	Mar 10		FY11	FY10	
a) Revenue (Gross)	Rs. Crore						
Inpatient Revenue		127	110	15%	494	407	21%
Day Care Revenue		5	-	-	19	-	-
Outpatient Revenue		47	37	27%	172	127	36%
Total		179	147	22%	685	534	28%
b) Profitability							
Contribution Margin	Rs. Crore	105	84	26%	406	305	33%
Contribution (%)	%	58.8%	56.7%		59.2%	57.2%	
EBITDA	Rs. Crore	19.6	2.6	643%	51.9	23.5	121%
EBITDA (%)	%	11.0%	1.8%		7.6%	4.4%	
c) Patient Transactions (No. of Procedures)	No.						
Inpatient Procedures		15,322	15,186	1%	64,335	59,134	9%
Day care Procedures		2,187	-	-	7,651	-	-
Outpatient Registrations		784,902	597,258	31%	2,905,201	2,249,527	29%
d) Average Inpatient Operational Beds	No.	926	818	13%	926	751	23%
e) Average Inpatient Occupancy	%	67%	68%		68%	73%	
f) Average Length of Stay	No.	3.62	3.30	(10)%	3.56	3.37	(6)%
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	22,868	22,056	4%	21,558	20,431	6%

*The above results are for MHC Network of hospitals and includes results for Max Super Speciality Hospital , Saket, unit of Devki Devi Foundation and Max Super Speciality Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre

Robust growth in new business, ramp up rate accelerates in Q4

- Gross Written Premium of Rs 26 Cr collected in FY 2010-11
- 46,000 live enrolled in first year of operations
- 650+ employees on board

Capital Requirement

- Peak equity commitment of Rs. 690 Cr. ; Rs. 291 Cr. infused as of date

Products & Distribution

- Product Portfolio expanded further includes products specifically targeted to urban retail, rural retail, micro insurance, international travellers and SME customer segment
- Products targeted for retail include family floaters that are extendable to joint families
- Aggressive agent hiring underway; as of March 2011, 4,100+ agents on board
- Achieved highest productivity in the industry for agency and telesales channel
- Distribution Network
 - No. of Branch offices – 11 (including 2 new branches being opened in Kolkata and Kochi)
 - No. of non branch locations with collection and processing set ups – 18
 - In addition sales made in 300+ cities all across India through telesales

- Profit at Rs. 7 Cr for Q4FY11 grows 16% y-o-y and for FY11 at Rs. 36 Cr. grows 77%
- Added a new BOPP line of 22,000 tpa capacity operationalize in March 2011, expanding the total capacity to 52,000 tpa
- Higher margin realization on the back of better product mix and cost optimization
- MSF wins Worldstar 2010 award for Packaging Excellence

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Mar 11	Mar 10		FY11	FY10	
a) Sales Quantity – BOPP	Tons	8,225	7,657	7%	31,526	29,768	6%
b) Revenue*	Rs. Crore	118	91	30%	440	336	31%
c) Profitability:							
Contribution Margin**	Rs. Crore	38	32	20%	148	120	23%
	%	32%	35%		34%	36%	
EBITDA	Rs. Crore	11	12	-2%	53	43	24%
	%	10%	13%		12%	13%	
PBT	Rs. Crore	7	6	16%	36	20	77%
	%	6%	7%		8%	6%	

*Extraordinary Income of Rs. 15 Cr. on account of settlement of GBC Litigation has not been considered above

**Contribution Margin is calculated as revenue less raw material consumption.

Financial Performance

- Revenue for Q4FY11 at Rs. 8 Cr. up 45% y-o-y
- Revenue for FY11 at Rs. 24 Cr. up 33 % y-o-y
- Profit for FY11 at Rs. 3.2 Cr. against Rs. 2.2 Cr. in FY10 grows 45% y-o-y
- Order book of Rs. 32 Cr. as at Mar'11 end with net addition of Rs. 13 Cr. during Q4FY11
- Business development pipeline of approx Rs. 33 Cr.

Operational Performance

- Client base stands at 77
- 238 studies being executed across 424 sites.
- Database of principal investigators expands to over 1,300 physicians
- Patient retention rate maintained at 92%



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